

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF LINCOLN, NEBRASKA

FOR THE FISCAL YEAR ENDED AUGUST 31, 2003

Prepared by:

The Accounting Division of the Finance Department



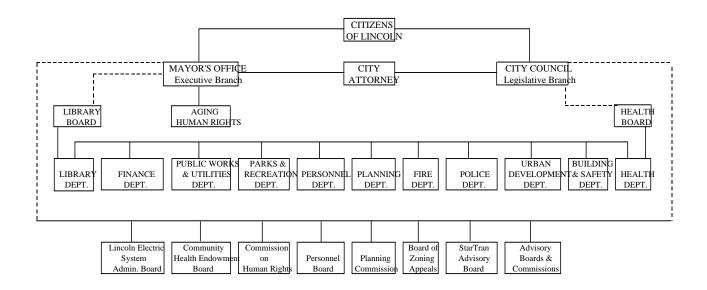
OFFICIALS OF THE CITY OF LINCOLN

Coleen Seng	Mayor
Jon Camp	
Terry Werner	
Jonathan Cook	
Glenn Friendt	Council Member
Annette McRoy	Council Member
Patte Newman	
Ken Svoboda	Council Member

* * * * *

Don Herz	Finance Director
Marvin Krout	Planning Director
Lynn Johnson	Parks and Recreation Director
Terry Bundy	Lincoln Electric System Administrator
Marc Wullschleger	Urban Development Director
Carol Connor	Library Director
Allan Abbott	Public Works/Utilities Director
Mike Merwick	Building and Safety Director
Bruce Dart	Health Director
Don Taute	Personnel Director
Dana Roper	City Attorney
Thomas Casady	Police Chief
Mike Spadt	Fire Chief

CITY OF LINCOLN ORGANIZATION CHART



CITY OF LINCOLN, NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2003

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Title Page	
Officials of The City of Lincoln	i
City of Lincoln Organization Chart	i
Table of Contents	ii
Letter of Transmittal from the Mayor	vi
Letter of Transmittal from the Finance Director	viii
Certificate of Achievement for Excellence in Financial Reporting	xvi
FINANCIAL SECTION	
Independent Accountants' Report on Financial Statements and Supplementary Information	2
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund	23

	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – Street Construction Fund	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – Federal Grants Fund	26
Statement of Net Assets – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Assets – Fiduciary Funds	32
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund	33
Notes to the Financial Statements	35
Combining and Individual Fund Statements and Schedules:	
Governmental Funds:	
Combined Balance Sheet – Nonmajor Governmental Funds	71
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	72
Subcombining Balance Sheet – Nonmajor Special Revenue Funds	76
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	78
Subcombining Balance Sheet – Nonmajor Debt Service Funds	82
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds	83
Subcombining Balance Sheet – Nonmajor Capital Projects Funds	86
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds	88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis):	
Athletic Field & Facilities Improvement Fund	91
Cable Access Television Fund	92
Lincoln City Libraries Fund	93
Lincoln Area Agency on Aging Fund	94
Lincoln/Lancaster County Health Fund	95
Snow Removal Fund	96

		<u>Page</u>
911 Communication Fund		97
Social Security Fund		98
StarTran Fund		99
Unemployment Compensation Fund		100
Keno Fund		101
Building And Safety Fund		102
Library Special Trust Fund		103
Tax Allocation Projects Debt Service Fund		104
Bond Interest and Redemption Debt Service Fund		105
Tax Supported Bonds Debt Service Fund		106
Community Health Permanent Endowment Fund		107
Proprietary Funds:		
Combining Statement of Net Assets – Nonmajor Enterprise Funds		110
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds		111
Combining Statement of Cash Flows - Nonmajor Enterprise Funds		112
Combining Statement of Net Assets – Internal Service Funds		114
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds		116
Combining Statement of Cash Flows – Internal Service Funds		118
Agency Funds:		
Combining Balance Sheet – Agency Funds		122
Combining Statement of Changes in Assets and Liabilities – Agency Funds		124
STATISTICAL SECTION	Table	<u>Page</u>
General Governmental Expenditures By Function Last Ten Fiscal Years	1	128
General Governmental Revenues By Source Last Ten Fiscal Years	2	128
Property Tax Levied And Collected Last Ten Years	3	128
Taxable Assessed Valuation Last Ten Years	4	129
Total Property Tax Levies All Direct And Overlapping Governments Last Ten Years	5	129
Special Assessment Collections Last Ten Fiscal Years	6	129

		<u>Table</u>	<u>Page</u>
	City Sales Tax Information Last Ten Fiscal Years	7	130
	Schedule Of Net General Obligation Bonded Debt In Relation To Population, Total Assessed Valuation, And Real Property Valuation Last Ten Fiscal Years	8	130
	Computation Of Direct And Overlapping Debt - August 31, 2003	9	130
	Ratio Of Annual Debt Service Expenditures For General Bonded Debt To Total General Governmental Expenditures Last Ten Fiscal Years	10	131
	Revenue Bond Coverage Last Ten Fiscal Years	11	131
	Demographic Statistics Last Ten Years	12	132
	Property Value and Construction Last Ten Fiscal Years	13	132
	Ten Largest Taxpayers	14	133
	Miscellaneous Statistics - August 31, 2003	15	133
SII	NGLE AUDIT SECTION		
	Schedule of Expenditures of Federal Awards		136
	Notes to Schedule of Expenditures of Federal Awards		140
	Independent Accountants' Report on Compliance and Internal Control Over Financial Reporting Based on the Audit of the Financial Statements Performed in Accordance With Government Auditing Standards		141
	Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs		142
	Schedule of Findings and Questioned Costs		144
	Summary Schedule of Prior Audit Findings		146



CITY OF LINCOLN N E B R A S K A

MAYOR COLEEN J. SENG

www.ci.lincoln.ne.us

Office of the Mayor 555 South 10th Street Suite 208 Lincoln, Nebraska 68508 402-441-7511 fax: 402-441-7120 mayor@ci.lincoln.ne.us January 6, 2004

Dear Citizens and Public Officials:

I am pleased to submit the City of Lincoln's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2003.

Fiscal discipline is the rule for the City of Lincoln. We enforce fiscal responsibility to stay within the operating budget, despite difficult economic times. Our stable city government is an asset to Lincoln's overall economy.

Lincoln residents are proud of our City. The City's future is strong and it continues to grow and prosper. City finances are solid. City Departments have done a good job of meeting the increasing demand for services without additional resources.

Our ability to manage the City's fiscal affairs and ensure a full disclosure of the City's fiscal condition is exhibited by the unqualified audit opinion that follows. I am proud to report that the 2002 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the twentieth consecutive year. This is a compliment to the City Finance Department staff for dealing with these complex accounting issues. We express a thanks to the Finance Department and to all the city departments for their cooperation in preparing this document.

Sincerely,

Coleen J. Seng
Coleen J. Seng

Mayor of Lincoln

LINCOLN

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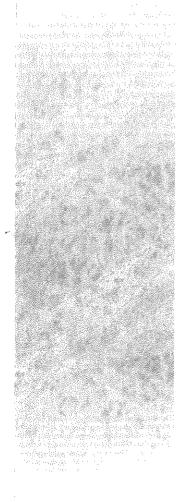


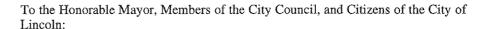
CITY OF LINCOLN N E B R A S K A

MAYOR COLEEN J. SENG

www.ci.lincoln.ne.us

Finance Department Don Herz, Director 555 South 10th Street Suite 103 Lincoln, Nebraska 68508 402-441-7411 fax: 402-441-8325





The Comprehensive Annual Financial Report (CAFR) of the City of Lincoln, Nebraska for the fiscal year ended August 31, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities including all currently effective statements of the Governmental Accounting Standards Board have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit Sections.

- The Introductory Section, which is unaudited, contains a listing of the Officials of the City of Lincoln, an Organization Chart, a Table of Contents, a Letter of Transmittal from the Mayor, this Letter of Transmittal, and a reproduction of the City's Certificate of Achievement for Excellence in Financial Reporting for the year preceding the report.
- The Financial Section includes an Independent Accountants' Report on Financial Statements and Supplementary Information, Management's Discussion and Analysis (MD&A), Basic Financial Statements (including Notes to the Financial Statements), Combining, Subcombining, and Individual Fund Statements and Schedules, and narrative explanations which can be used in understanding combining, subcombining, and individual fund statements and schedules.
- The Statistical Section, which is unaudited, presents comparative data for several periods of time or contains data from sources other than the accounting records. Statistical tables differ from financial statements because they usually cover more than two fiscal years and may present non-accounting data. Statistical tables reflect social and economic data, financial trends, and the fiscal capacity of the government.
- The Single Audit Section contains information related to the City's annual single audit, which is required under the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Included are a Schedule of Expenditures of Federal Awards, Notes to Schedule of Expenditures of Federal Awards, the Independent Accountants' Report on Compliance and Internal Control Over Financial Reporting Based on the Audit of the Financial Statements Performed in Accordance With Government Auditing Standards, the Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs, a Schedule of Findings and Questioned Costs, and a Summary Schedule of Prior Audit Findings.

Generally accepted accounting practices (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The City of Lincoln provides a full range of services, including public safety (police and fire), highways and streets, health, planning and zoning, parks, recreation, urban



development, mass transportation, ambulance transport, electric utility, water utility, wastewater utility, sanitary landfill, golf courses, auditorium, parking facilities, and general administrative services. The City Council exercises budgetary and/or rate setting authority over the City Library and Lincoln Electric System (LES), neither of which are legally separate from the City and are thus included as part of the primary government. The Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Parking Lots, Parking Facilities, Golf Courses and Pershing Municipal Auditorium are all part of administrative departments under the direction of the Mayor and are included as part of the primary government. Separately audited financial statements are available for LES, Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, the City's Sanitary Landfill, and the Community Health Permanent Endowment Trust.

Economic Condition And Outlook

Population growth is one of the best indicators of a community's economic well being. As such, the Lincoln metropolitan area's population growth during the past several years reflects a community that is economically viable and is strongly positioned to meet future challenges.

The Lincoln metropolitan area population base (Lancaster County) continues to demonstrate a pattern of sustained growth. According to the U. S. Census figures, the Lincoln metropolitan area population grew over 17% between 1990 and 2000, adding over 3,350 people to the community each year. The 1990 population of 213,641 reached 250,291 persons with the 2000 census, setting the County's annualized rate of population growth for the 1990's at 1.6 percent.

While such a growth rate may be modest by some standards, this healthy pace of expansion places Lincoln as one of the fastest growing communities in this region. Recent projections envision Lincoln to continue to grow at a rate of 1.5 percent per year. As importantly, the City of Lincoln continues to absorb about 90% of all growth in Lancaster County.

Lincoln's unemployment rate at August 31, 2003 was 3.6%, well below the national average of 6.1%. Lincoln employment is strongest in the categories of government, services, and wholesale and retail trade.

Lincoln's construction activity continues to demonstrate sustained growth. Permits for all forms of new construction have risen 18% over the past 5 years with an increase in the value of construction permits of over \$279 million.

Current net sales and use tax revenue increased 4% over the previous fiscal year.

Long-Term Planning And Major Initiatives

Urban Development

The City anticipates approximately \$60 million of public expenditures funded through various urban development projects and programs over the next three years. These projects are varied in type and size and are located in the Downtown and Haymarket areas, North 27th Street area, Havelock and University Place business areas, Focus Area neighborhoods and the Antelope Valley project area, and in low and moderate income areas throughout the City.

Financing will be provided by a variety of sources, including CDBG, HOME, EDI Special Project and Nebraska Affordable Housing Trust Fund grants, Tax Increment Financing, Advanced Land Acquisition funds, Special Assessments, General Fund and Street Construction funds. Funding is often combined with developer, grant or other private sector funds.

The City's involvement will vary depending upon the project and could likely include property acquisition, relocation and demolition; housing rehabilitation and development; commercial development; and construction of public improvements including parking, sidewalks, infrastructure and streetscapes.

Ongoing and anticipated projects include:

- ♦ Downtown Redevelopment Projects:
 - 1) Redevelopment of Federal Place
 - Development of Douglas Grand, a 14 screen movie theater
 - 3) Downtown I-180 entryway improvements
 - 4) 12th Street arts corridor
 - 5) Government Square streetscape project
 - 6) Lincoln Mall streetscape project
 - 7) Redevelopment of Creamery Building
- 8) Redevelopment of Douglas III and Cinema Twin theaters
- 9) Redevelopment of Salvation Army Building
- 10) Implementation of Haymarket 8th Street Corridor
- 11) Assist the Planning Department and Downtown Lincoln Association with the Downtown Master Plan
- ♦ The North 27th Street Corridor redevelopment projects include:
 - 1) Redevelopment of 27th Street north of the alley between "O" and "P" Streets to 26th Street
 - 2) Redevelopment of the east side of 27th Street at approximately "X" Street
 - 3) Redevelopment of the east side of 27th Street between "S" and "T" Streets
 - 4) Construction of the pedestrian trail bridge at "X" Street
 - 5) Infrastructure improvements around the Salvation Army Building on 27th and Potter Streets; including construction of a parking lot and pedestrian walking improvement to Pentzer Park
- ♦ Implementation of selected Antelope Valley community revitalization catalyst projects as identified in the Antelope Valley Redevelopment Plan
- Havelock Redevelopment on-going projects include streetscape, pedestrian walkways and parking lots
- University Place Redevelopment includes streetscape construction and the Transportation/Community Revitalization Plan completion and implementation
- Housing rehabilitation and development programs:
 - 1) Continuation of First-time Homebuyer, Investor-Owner, and Owner-Occupied housing rehabilitation loan programs
 - 2) Development of residential housing in Antelope Valley with the neighborhood partner for Antelope Valley, Neighborhoods Inc.
 - 3) Development of residential housing units in conjunction with downtown projects
 - 4) Continue development of future phases of the affordable housing project, Old Mill Village, with Nebraska Housing Resource
 - 5) Sustain the existing affordable rental housing stock by assisting on-going non-profit and tax credit projects
- ♦ Housing Rehabilitation and Real Estate Division projects also include:
 - 1) Planning and negotiation for acquisition of park sites
 - 2) Acquisition and negotiation projects
 - ✓ South 14th Street widening
 - ✓ Yankee Hill widening, $27^{th} 40^{th}$
 - ✓ South 84th Street Widening (3 phases)
 - ✓ Vine Street widening, $22^{\text{nd}} 27^{\text{th}}$
 - ✓ Antelope Valley, 19th Street, K Q
 - ✓ Storm Water management, Phases I III
 - ✓ Vine Street bridge replacement
 - ✓ Salt Valley trunk sewer phase III
 - ✓ Pine Lake Road widening, $40^{th} 59^{th}$
 - ✓ South 27th Street, porter Ridge Road to South of Yankee Hill Road

- ✓ Arterial rehab projects, South 56th Street, Old Cheney to Yankee Hill Road
- ✓ Pioneers Boulevard widening, 70th 84th
- ✓ Sewer District 1175
- ✓ Special assessment and executive order projects
- ✓ Various projects in Public Works/Utilities 6-year program
- ✓ Other Parks and Recreation projects citywide
- ✓ Title research of water transmission Lincoln to Ashland
- 3) Acquisition and disposition of surplus properties including tax sale lots, street and alley vacation, surplus park sites, surplus right-of-way, and other miscellaneous properties
- 4) Relocation projects including Antelope Valley Storm Management, Transportation, and Community Revitalization

- ♦ Neighborhood Revitalization projects include: Focus Areas Implementation of focus area public improvements. The focus areas are located in the Woods Park, Near South, Malone, Everett, Clinton, Downtown, North Bottoms and South Salt Creek neighborhoods.
- ♦ The Workforce Investment Act (WIA) is federal legislation which took effect on July 1, 2000. Under this legislation, Mayor Coleen J. Seng is the designated Chief Elected Official working in conjuction with a 49 member Workforce Investment Board. This Board is constituted by law with a business majority. Other members represent community based organizations, education, economic development, organized labor, and program partner agencies. The Board and the Mayor developed a local plan to implement WIA which was approved by the State of Nebraska.

WIA has provided nearly \$3 million over the last four years to the workforce investment area of Lancaster and Saunders Counties. Gold's Galleria, located in downtown Lincoln, is the site of the One Stop Career Center. Since 2000, the number of program partners providing access to services through the One Stop Center has increased from 5 to 21. And in the past year, over 22,000 customer visits have been made to the Center.

Antelope Valley Project

The City of Lincoln, Lower Platte South Natural Resources District and the University of Nebraska-Lincoln have jointly partnered with the Lincoln community to develop a set of strategies to strengthen the historical center of Nebraska's Capital City. The new stormwater, transportation and community revitalization strategies have been incorporated into the Antelope Valley Amended Draft Single Package and formally approved by all three of the sponsoring governmental entities. The Joint Antelope Valley Authority (JAVA) has also submitted an Environmental Impact Statement (EIS) proposing defined projects as the action that best satisfies the purposes and needs with the least adverse environmental impacts. The EIS was approved by a Record of Decision by the Federal Highway Administration on October 31, 2001.

When implemented the Antelope Valley Projects will provide significant benefits to the State of Nebraska. Recognizing these benefits, the State Legislature authorized and appropriated one million dollars each state fiscal year, for a period of 15 years, to the City of Lincoln to fund the various projects. The City is required to provide matching funds equal to the ratio of one dollar for each three dollars of the State distribution.

The Antelope Valley Projects include community revitalization strategies in the project area and the implementation of the Closer to Home Strategies, developed by neighborhood residents and the City's Urban Development Department, which includes street, alley, and curb improvements, housing rehabilitation, and neighborhood clean-ups. Additional community revitalization strategies will be further defined as part of the Redevelopment Plan process, and will include housing relocation, commercial development and strategies to further strengthen existing neighborhoods.

Other projects identified are the construction of the approximately 6.2 mile Antelope Valley Roadway, which includes an overpass over the mainline railway west of the Bob Devaney Center, an expanded 19th Street corridor, changing some streets from minor arterials to urban collectors and local streets, and reduction of the rail/vehicular/pedestrian conflicts at street crossings.

Also included is the implementation of the Antelope Valley flood control project by constructing a new, open channel to contain the waters of a designated "100-year" rainfall event. The new channel will be developed in a park-like atmosphere and a trail will be constructed along the length of the channel.

Work is nearly complete on two projects that are part of the overall Antelope Valley Project. The Northeast Community Park project, located near 32nd and Leighton Streets, began in July 2003. This park, which will be ready for play in Spring 2004, provides replacement ball fields for those University fields at 19th and Vine Streets that will be displaced due to the channel and roadway construction. Work began in January 2003 and was substantially completed in November 2003 on the first section of channel work between Salt Creek and the BNSF Railway.

Work began in September 2003 on the Military Bridge and Roadway Project. This project will provide a single intersection of 14th Street, Military Road and the State Fair Park entrance, which becomes the new main entrance.

Work also began in September 2003 on the "Y" Street Bridge and Roadway Project. This project provides a new connection of "Y" Street to 16th Street and provides a new routing of 17th Street in preparation for the new overpass over the BNSF Railway south of the Devaney Center.

The Vine Street Bridge and Roadway Project is advertised and scheduled for letting in January 2004.

Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$114,517,000 over the 6-year period of Fiscal Year 2003-04 through Fiscal Year 2008-09. Of that total, approximately \$40,000 will be financed by developer contributions, approximately \$100,000,000 will be financed by revenue bonds, approximately \$2,140,000 will be financed by impact fees, with the remaining \$12,337,000 to come from charges for services. The majority of these dollars are needed for replacement and maintenance of existing infrastructure, new infrastructure to serve development in various basins throughout the City, and improvements to both the Theresa Street and Northeast treatment plants.

Water System

The Lincoln Water System is projecting a capital improvements program in the amount of \$100,719,000 over the 6-year period of Fiscal Year 2003-04 through 2008-09. Of these dollars, approximately \$85,000,000 will be financed through revenue bonds, approximately \$494,000 will be financed through developer contributions, approximately \$4,330,000 will be financed through impact fees, with the balance of \$10,895,000 coming from charges for services. The major projects contributing to these total dollars include the installation of transmission lines, replacement mains, replacement and new wells, and additional storage reservoirs.

Streets And Highways

The 2004-2009 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of over \$82.3 million for the next six years. Funding for these projects includes \$153 million in City revenues, \$92 million in federal aid, and \$249 million in other funds.

<u>Infrastructure Impact Fees</u>

The City's growth in both population and employment have created demands for new residential and nonresidential development, which in turn creates the need for additional public facilities, including water and wastewater systems, arterial streets, and neighborhood parks and trails. Under the City's current laws, taxes, fees, utility charges, and other forms of revenue generated from new development do not provide sufficient funds to finance these new facilities.

In response to these funding needs the City of Lincoln passed an ordinance to provide for the imposition of impact fees to ensure that facilities are available to serve new growth and that new development bears its proportionate share of the cost of improvements to the City's facilities. Impact fees for all types of new construction have been set and adopted by the City Council and began June, 2003.

Internal Accounting Controls

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions, and the reliability of financial records for preparing financial statements in accordance with generally accepted accounting principles and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Several major internal controls within the Finance Department affect transactions from all City departments. The City Charter requires the City Controller to audit all departmental expenditures as to documentation, coding, etc., after they have been approved by the responsible department head. A monthly reconciliation is made between the City's accounting system and the Treasurer's Office. The Purchasing Ordinance requires that all purchase requisitions must include certification by the Director of the ordering department that money has been appropriated for that purpose. The City has a fixed asset system which includes monitoring acquisition and disposition of fixed assets. In addition to these major controls, there are numerous controls within the various departments. The above is not all-inclusive of the City's internal accounting controls, but serves to support management's belief that controls are adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management of the City.

As part of the City's Single Audit, tests were made of the City's internal control structure and its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. The Single Audit for the year ended August 31, 2003, disclosed no material internal control weaknesses.

Accounting System And Budgetary Control

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues, and expenses/expenditures. More information on descriptions of each fund and the accounting principles applied to each fund type is included in the Financial Section.

Budgetary control is maintained at the department level by the encumbrance of balances with purchase orders prior to payment to vendors. Purchase orders which result in an overrun of department balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at August 31, 2003. Except for certain Special Revenue, Debt Service, and Capital Projects Funds, budgets for Governmental Type Funds are adopted annually. Capital Project Funds are budgeted by project and appropriations are continuing appropriations through completion of the project. Enterprise, Internal Service and Pension Trust Fund budgets are adopted annually.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

Property Tax Collections

As of August 31, 2003, current tax collections by the County Treasurer were 96.20% of the tax levy, a decrease of .15% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy By Purpose</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
General Fund	.17570	.17798	.18692
Library	.05345	.05219	.04673
Social Security	.01616	.01527	.01576
Police And Fire Pension	.01492	.01261	.01090
General Obligation Debt	.05429	.05647	.06356

Parking Facilities

The City of Lincoln operates the following parking garages:

	Number of Stalls	Date Opened
Center Park	1,048	November, 1978
Cornhusker Square	405	December, 1983
University Square	436	April, 1990
Que Place	700	October, 1994
Carriage Park	710	February, 1995
Market Place	430	August, 2000
Haymarket	420	August, 2002

The City's parking garages have been built to promote downtown redevelopment efforts by working with private industry in providing necessary parking to various businesses in the downtown area.

Revenue generated by the parking facilities and on-street parking meters, as well as unappropriated street construction funds, are pledged for debt service of both the 2001 Parking Revenue Bonds and the 1999 Parking Revenue and Refunding Bonds. Comparative data for the past two fiscal years are presented in the following table:

	<u>2002-2003</u>	<u>2001-2002</u>
Operating Revenue	\$ 5,035,564	4,347,985
Operating Income Before Depreciation	2,730,932	2,383,596
On-Street Parking Meter Revenue	835,000	935,000
Revenue Available For Debt Service	3,565,932	3,318,596
Debt Service	2,160,650	2,160,650
Debt Service Coverage Ratio	1.65	1.54

Sanitary Landfill

The City of Lincoln owns and operates a solid waste disposal area and a construction and demolition disposal area which are subject to the U.S. Environmental Protection Agency rule "Solid Waste Disposal Facility Criteria", which establishes closure and postclosure care requirements. As of August 31, 2003, the City estimates that it will incur costs approximating \$13.5 million to adhere to such requirements (see Note 17 of Notes to the Financial Statements).

Water And Wastewater System

The City's Water Utility System showed a decrease in operating revenue and a decrease in operating income. Comparative data for the past two fiscal years is presented in the following table:

Water System	<u>2002-2003</u>	<u>2001-2002</u>
Operating Revenue	\$20,883,159	22,064,404
Operating Income	3,855,663	5,459,267
Revenue Available For Debt Service	9,902,469	11,213,356
Debt Service	5,908,489	4,990,590
Debt Service Coverage Ratio	1.68	2.25

The City's Wastewater Utility System showed a decrease in operating revenue and a decrease in operating income. Comparative data for the past two fiscal years is presented in the following table:

Wastewater System	<u>2002-2003</u>	<u>2001-2002</u>
Operating Revenue	\$14,691,905	15,026,486
Operating Income	1,486,755	2,366,636
Revenue Available For Debt Service	6,699,374	7,099,462
Debt Service	1,299,222	1,309,347
Debt Service Coverage Ratio	5.16	5.42

Lincoln Electric System (LES)

The City owns and operates its own electric utility system which is managed by an administrative board. Actions of the board with regard to rates, budgets, and long-term financing are subject to final review and approval by the City Council. In accordance with Section 2.55.090 of the Lincoln Municipal Code, LES operates on a January 1 - December 31, fiscal year. Audited financial information as of and for LES' fiscal year ended December 31, 2002, is included in the City's August 31, 2003, financial statements.

Cash Management

Cash balances in excess of current requirements are invested in interest-bearing deposits and other securities. During the 2002-2003 fiscal year, 99.58% of available funds were invested with an average yield on investments of 2.40%. Note 4 of Notes to the Financial Statements discloses the City's investment policies and the manner in which these investments are held.

Risk Management

The City's Risk Management Division is responsible for the administration of insurance and self-insurance loss control, wellness, benefits, claims administration and collections to control and finance the City's loss exposures. Responsibilities include researching insurance markets, preparing bid specifications and cost-effectively purchasing coverage; reviewing coverage; budgeting annual costs and maintaining actuarial soundness of self-insured claims funds; administering self-insured claims programs in a cost effective manner; and increasing City effectiveness in subrogation/collection recoveries, along with leading the City's safety/loss control and wellness efforts. The City has a high self-insured retention for workers' compensation and general liability, and is totally self-insured for employee long-term disability. The City also has some liability exposures related to public officials, property, law enforcement, auto, and public transportation. These programs remain successful for the City. Since implementation, the self-insurance programs have provided the City considerable savings compared to fully insuring all loss exposures.

Independent Audit

The City Charter requires an annual audit to be made of all City funds and accounts by independent certified public accountants selected by the City Council. The federal government, under the revised OMB Circular A-133, and the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996, requires local governments that expend \$300,000 or more in federal funds in any fiscal year to have a financial and compliance audit performed. Through the efforts of the Finance Department staff and staff from the Public Works and Urban Development Departments, the City was able to accommodate the federal government's single audit requirements for grants.

Certificate Of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lincoln, Nebraska, for its comprehensive annual financial report for the fiscal year ended August 31, 2002. This was the twentieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

$\underline{Acknowledgments}$

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lincoln, Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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The Honorable Mayor and Members of City Council City of Lincoln, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska as of and for the year ended August 31, 2003, which collectively comprise the City of Lincoln's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lincoln's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lincoln Electric System which represent 56%, 33% and 72%, respectively, of the total assets, net assets and revenues of the business type activities. Those financial statements were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Electric System is based solely on the report of the other accountants. The prior-year summarized comparative financial information in these statements has been derived from the City's basic financial statements as of and for the year ended August 31, 2002, which were audited by other accountants whose report dated January 3, 2003, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other accountants provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln as of August 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, street construction fund and federal grants fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2004 on our consideration of the City of Lincoln's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Solutions for Success



The accompanying management's discussion and analysis and the schedules of funding progress and employer contributions included in *Note* 13 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other accountants have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincoln's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other accountants, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKO, LLA

January 5, 2004

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Lincoln, Nebraska (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2003. Please consider this discussion in conjunction with the additional information provided in the Letter of Transmittal (beginning on page viii) and the transactions, events and conditions reflected in the City's financial statements (beginning on page 18).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at August 31, 2003, by \$1,137,728,137 (net assets). Of this amount, \$106,001,074 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$64,752,048. Of this amount \$38,173,456, or 59 percent, was an increase in governmental activities and \$26,578,592, or 41 percent, related to business-type activities.
- As of August 31, 2003, the City's governmental funds reported combined ending fund balances of \$161,941,273, a decrease of \$8,606,153 in comparison with the prior year. Over half of this total amount, \$92,075,164, is available for spending at the City's discretion (unreserved fund balance).
- As of August 31, 2003, unreserved fund balance for the general fund was \$35,987,302, or 44 percent of total general fund expenditures.
- The City's total bonded debt increased by \$67,244,000 (13 percent) during the current fiscal year. The key factor in this increase was the issuance of \$55,000,000 in revenue bonds by Lincoln Wastewater System.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the year ended August 31, 2003. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administrative services, public safety, streets and highways, health, planning and zoning, parks and recreation, libraries, aging services, job programs, urban development, mass transportation, engineering, self-insurance, and fleet management. The business-type activities of the City include water, wastewater and electric utilities; ambulance transport; sanitary landfill; golf courses; auditorium; and parking.

The government-wide financial statements can be found on pages 18-19 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

<u>Governmental funds</u> – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City maintains forty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Construction fund, the Federal Grants fund, and the Community Health Permanent Endowment fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and most other governmental funds. A budgetary comparison statement has been provided for the General, Street Construction, and Federal Grants major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-27 of this report.

<u>Proprietary funds</u> – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its parking facilities and lots; golf courses; auditorium; sanitary landfill; ambulance services; and wastewater, water, and electric systems. Internal service funds are used to accountlate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its data processing, engineering, insurance, fleet management, telecommunications, and copy services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Electric Systems, all of which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

<u>Fiduciary funds</u> – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 32-33 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-68 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees. Required supplementary information can be found on page 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,137,728,137 at August 31, 2003.

By far the largest portion of the City's net assets (76 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City Of Lincoln Condensed Statements of Net Assets August 31, 2003 and 2002

		Govern	mental	Busine	ss-type		
	_	Activities		Activities		Total	
	_	2003	2002	2003	2002	2003	2002
Current and Other Assets	\$	239,136,689	223,316,292	297,306,590	308,555,656	536,443,279	531,871,948
Capital Assets	_	403,421,755	372,780,466	953,099,888	855,103,760	1,356,521,643	1,227,884,226
Total Assets	_	642,558,444	596,096,758	1,250,406,478	1,163,659,416	1,892,964,922	1,759,756,174
Long-Term Liabilities Outstanding		87,165,314	82,430,754	591,870,462	509,299,026	679,035,776	591,729,780
Other Liabilities	_	23,450,856	19,897,186	52,750,153	75,153,119	76,201,009	95,050,305
Total Liabilities	_	110,616,170	102,327,940	644,620,615	584,452,145	755,236,785	686,780,085
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt		353,228,671	321,761,052	513,682,743	476,054,560	866,911,414	797,815,612
Restricted		111,928,216	101,499,367	52,887,433	47,701,632	164,815,649	149,200,999
Unrestricted	_	66,785,387	70,508,399	39,215,687	55,451,079	106,001,074	125,959,478
Total Net Assets	\$_	531,942,274	493,768,818	605,785,863	579,207,271	1,137,728,137	1,072,976,089

An additional portion of the City's net assets (15 percent) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net assets (9 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At August 31, 2003, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

City Of Lincoln Condensed Statement of Activities For the Years Ended August 31, 2003 and 2002

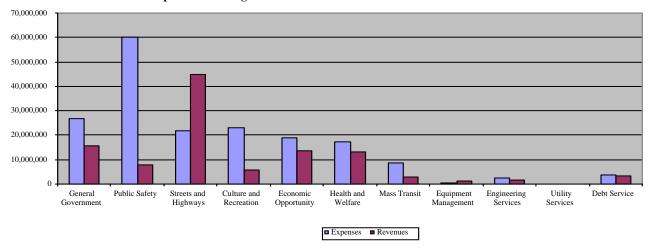
		Governmental Activities		Busines Activ		Total		
		2003	2002	2003	2002	2003	2002	
Revenues:								
Program Revenues:								
Charges for Services	\$	32,413,754	33,708,219	219,247,308	214,711,471	251,661,062	248,419,690	
Operating Grants and Contributions		44,670,484	47,775,520	294,915	3,296	44,965,399	56,864,603	
Capital Grants and Contributions		32,549,986	31,715,049	7,538,876	6,073,286	40,088,862	28,702,548	
General Revenues:								
Property Taxes		36,389,326	34,991,750	-	-	36,389,326	34,991,750	
Sales and Use Tax		49,010,546	47,049,405	-	-	49,010,546	47,049,405	
Other Taxes		20,190,242	20,414,161	565,790	-	20,756,032	20,414,161	
Unrestricted Grants and Contributions		2,970,754	3,425,878	-	-	2,970,754	3,425,878	
Investment Income		1,351,346	3,495,539	5,045,047	5,239,848	6,396,393	8,735,387	
Other		1,478,257	1,407,755	164,763	353,338	1,643,020	1,761,093	
Total Revenues		221,024,695	223,983,276	232,856,699	226,381,239	453,881,394	450,364,515	
Expenses:								
General Government		26,781,326	23,530,070	-	-	26,781,326	23,530,070	
Public Safety		60,312,147	58,784,389	-	-	60,312,147	58,784,389	
Streets and Highways		21,627,658	21,073,128	-	-	21,627,658	21,073,128	
Culture and Recreation		23,183,517	21,219,904	-	-	23,183,517	21,219,904	
Economic Opportunity		18,803,783	14,097,457	-	-	18,803,783	14,097,457	
Health and Welfare		17,232,211	18,133,340	-	-	17,232,211	18,133,340	
Mass Transit		8,526,212	8,176,390	-	-	8,526,212	8,176,390	
Equipment Management		580,423	906,227	-	-	580,423	906,227	
Engineering Services		2,517,342	1,810,386	-	-	2,517,342	1,810,386	
Interest and Fiscal Charges on Debt		3,510,748	2,680,738	-	-	3,510,748	2,680,738	
Parking		-	-	4,512,610	3,914,224	4,512,610	3,914,224	
Golf Courses		-	-	3,064,867	2,785,793	3,064,867	2,785,793	
Auditorium		-	-	2,341,886	2,303,780	2,341,886	2,303,780	
Sanitary Landfill		-	-	4,390,601	5,428,560	4,390,601	5,428,560	
Ambulance Transport		-	-	3,905,011	3,518,764	3,905,011	3,518,764	
Wastewater		-	-	13,205,150	12,659,850	13,205,150	12,659,850	
Water		-	-	19,144,465	18,206,099	19,144,465	18,206,099	
Electric				155,489,000	161,026,000	155,489,000	161,026,000	
Total Expenses		183,075,367	170,412,029	206,053,590	209,843,070	389,128,957	380,255,099	
Increase in Net Assets Before Transfers		37,949,328	53,571,247	26,803,109	16,538,169	64,752,437	70,109,416	
Transfers		224,128	1,104,289	(224,517)	(1,087,038)	(389)	17,251	
Increase in Net Assets		38,173,456	54,675,536	26,578,592	15,451,131	64,752,048	70,126,667	
Net Assets - Beginning		493,768,818	439,093,282	579,207,271	563,756,140	1,072,976,089	1,002,849,422	
Net Assets - Ending	\$.	531,942,274	493,768,818	605,785,863	579,207,271	1,137,728,137	1,072,976,089	

GOVERNMENTAL ACTIVITIES

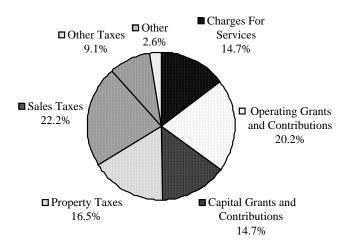
Governmental activities increased the City's net assets by \$38,173,456, accounting for 59 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

- Property taxes increased by approximately \$1.4 million (4 percent) during 2003. The value created by new growth (improvements, new construction, additions of new property, and annexations) in the tax base was 3.2%, prior to the revaluation of property. Total growth in the tax base, which includes revaluations and other adjustments, was 3.8%. As a result of these percentages being so similar, the tax rate remained unchanged for the 2003 fiscal year.
- Net sales and use tax increased by approximately \$2 million (4 percent) during 2003. Legislation passed by the Nebraska Legislature expanded the sales tax base to include certain services. The City expected sales tax revenues to increase 1.5% due to this tax base expansion.
- Capital contributions increased as a direct result of donations of land for the Joint Antelope Valley Authority (JAVA) projects, contributed to the City's share of equity in JAVA.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



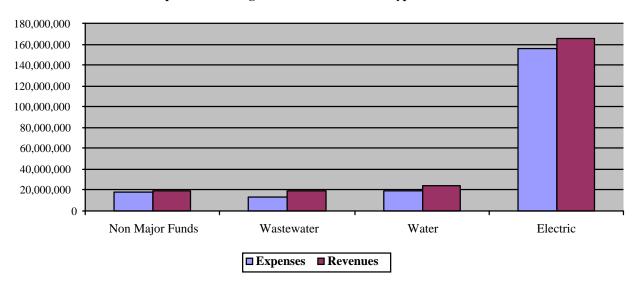
BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net assets by \$26,578,592, accounting for 41 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

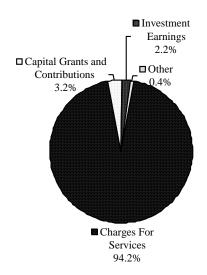
• Charges for services increased by approximately \$4.5 million, or 2.1 percent. The Water System revenues decreased 5.35 percent due to a reduction of 904,861 hundred cubic feet in water sales from the previous year. Water usage for 2003 more closely reflects an average year usage during normal weather conditions. Wastewater revenues are also based on water usage. Total water pumpage for fiscal year 2003 was 938,430,000 gallons less than the prior year which results in a 2.23 percent decrease in Wastewater revenues. Revenues increased 4 percent for the Electric System due to increases in both residential and commercial revenues. Cooling and heating degree days were above the prior year. Growth in the City remains constant with 2% more customers in 2002.

Lincoln Electric System (LES) operating expenses for 2002 were 5% below 2001 with power costs and administrative and general expenses providing most of the change. A settlement agreement between Nebrasks Public Power District and LES related to the Power Sales Agreement for Cooper Nuclear Station was completed and signed by officials of both parties in 2002. The decommissioning fund liability established by LES was used to reduce power costs by \$4.8 million after the settlement. Administrative and general expense in 2002 was well below 2001 because the litigation cost written off in 2001 related to Cooper Nuclear Station increased the 2001 expenses by \$4.8 million. Offsetting this expense was an increase in 2002 for health and risk insurance costs.

Expenses And Program Revenues - Business-type Activities



Revenues By Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2003, the City's governmental funds reported combined ending fund balances of \$161,941,273, a decrease of \$8,606,153 in comparison with the prior year. Of this total amount, 57 percent constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- liquidate contracts and purchase orders of the prior period (\$15,985,316),
- pay debt service (\$13,069,991),
- generate income for the purpose of funding health and health-related programs for the citizens of Lincoln (\$37,000,000), and
- a variety of other restricted purposes (\$3,810,802).

The General Fund is the chief operating fund of the City. At August 31, 2003, the unreserved fund balance of the General Fund was \$35,987,302, while total fund balance reached \$37,116,790. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 44 percent of total general fund expenditures, while total fund balance represents 46 percent of that same amount.

The fund balance of the City's General Fund decreased by \$1,014,271 during 2003. This reduction is the result of several factors, including the following:

- A planned reduction in the General Fund balance of \$3.0 million.
- Favorable variance of \$1.0 million in sales tax revenues.
- Favorable variance of \$1.9 million in expenditures.
- Timing differences between the appropriation and expenditure of construction projects funded by the General Fund.

The planned reduction in the fund balance of the General Fund is in compliance with City policy to appropriate balances that are in excess of 20 percent of the ensuing fiscal year's General Fund budget. This is accomplished by appropriating any excess over a 5-year period.

The Street Construction Fund had a total fund balance of \$14,797,623, which is to be used in the construction and maintenance of street and highways. The net decrease in fund balance during 2003 in the Street Construction Fund was \$8,043,301. This decrease was anticipated as a result of the Public Works Department's strategy to increase its capital construction program and to implement the acceleration of the awarding of construction contracts. An additional factor is the City's involvement in the Joint Antelope Valley projects and the related capital contributions made.

The Federal Grants Fund had a fund deficit of \$(1,051,304). Expenditures in the fund increased by \$2,651,616 (14 percent) over 2002, due in part to new programs, including Holmes Lake Restoration, East Saline Wetlands, and the Northbridge Center.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$8,551,252, \$5,792,954, \$20,459,000 and \$4,412,481, respectively, at August 31, 2003. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor (increase of \$107,041 in appropriations) and can be briefly summarized as follows:

- \$(61,125) in miscellaneous decreases in general government activities.
- \$267 in increases allocated to police.
- \$46,700 in increases allocated to traffic engineering.
- \$(26,664) in decreases allocated to street maintenance.
- \$(34,360) in decreases allocated to parks and recreation.
- \$182,223 in increases allocated for General Fund transfers to other City funds.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$1,193,286 positive variance in property taxes. Actual property tax collections were 96% for the 2002 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- \$1,045,072 positive variance in sales taxes. Projected collections for 2002 reflect a 4.8% increase over prior year collections, while 2002 actual collections on a budget basis increased by 7.2% due to an improving local economy, an expansion of the sales tax base to include additional services, and reduced refunds under the business incentive provisions of LB775.
- \$1,946,065 positive variance in general government/miscellaneous function expenditures. This variance was the result of better than anticipated insurance costs and contingency funds left unspent.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2003, amounts to \$1,356,521,643 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, streets, bridges, storm sewers, electric plant, and water and sewer plant. The total increase in the City's investment in capital assets for 2003 was 10 percent (an 8 percent increase for governmental activities and a 11 percent increase for business-type activities).

Major capital asset events during 2003 included the following:

- A variety of street construction widening and expansion projects for existing streets and bridges continued. Along with new construction of streets and drainage projects, the construction-in-progress as of August 31, 2003, reached \$63,780,408.
- Construction of the Salt Valley Generating Station (SVGS) provided \$71 million to the construction work-in-progress, in addition to local construction related to an expanding customer base. The SVGS project represents a total of 165 megawatts of peaking and base load generation utilizing natural gas as the base fuel in a simple cycle and combined cycle operation.

- Wastewater System capital assets increased by \$14,121,276 due to major project additions such as:
 - ✓ Theresa Street aeration improvements \$4,542,288
 - ✓ Northeast treatment plant solids screen digester modifications \$1,829,762
 - ✓ Salt Creek relief sewer \$1,131,121
 - ✓ Theresa Street treatment plant grit removal basin \$1,250,485
 - ✓ Northeast treatment plant disinfection improvements \$1,047,733
- Water System capital assets increased by \$5,696,537 due to major project additions such as:
 - ✓ 84th & Pine Lake floating storage reservoir \$1,053,158
 - ✓ 16th & 'A'/Coddington & Van Dorn 30" water main \$1,366,237
 - ✓ East 'O' Street water main replacement \$158,197
 - ✓ 84th/Cheney Ridge Road to Highway 2 water main \$1,555,076

City Of Lincoln Capital Assets (net of depreciation) August 31, 2003 and 2002

		Governmental				Business-type						
		Activities				Activities				Total		
		2003		2002		2003		2002		2003		2002
Land	\$	40,506,899	37	,810,841		14,371,950		14,185,253		54,878,849		51,996,094
Buildings		41,084,650	42	,017,061		126,330,190	1	23,066,708		167,414,840		165,083,769
Improvements Other Than Buildings		31,285,551	31	,967,261		231,820,817	2	225,201,069		263,106,368		257,168,330
Machinery and Equipment		28,980,115	29	,958,223		10,462,767		10,731,801		39,442,882		40,690,024
Utility Plant		-		-	4	405,775,000	3	396,247,000		405,775,000		396,247,000
Infrastructure		191,786,564	171	,464,392		-		-		191,786,564		171,464,392
Construction-in-progress	_	69,777,976	59	,562,688	_	164,339,164	_	85,671,929	_	234,117,140	_	145,234,617
Total	\$_	403,421,755	372	,780,466		953,099,888	8	355,103,760	_	1,356,521,643	_1	,227,884,226

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 49-51 of this report.

LONG-TERM DEBT

At August 31, 2003, the City of Lincoln had total bonded debt outstanding of \$571,889,000. Of this amount, \$61,554,000 comprises debt backed by the full faith and credit of the City and \$205,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City Of Lincoln Outstanding Bonded Debt (dollar amounts in thousands August 31, 2003 and 2002

	Govern	mental	Busine	ss-type			
	 Activ	rities	Activ	rities	Total		
	 2003	2002	2003	2002	2003	2002	
General Obligation Bonds	\$ 61,554	56,687	-	-	61,554	56,687	
Special Assessment Debt With							
Governmental Commitment	205	310	-	-	205	310	
Tax-supported Revenue Bonds	10,810	11,080	-	-	10,810	11,080	
Revenue Bonds	 		499,320	436,568	499,320	436,568	
Total	\$ 72,569	68,077	499,320	436,568	571,889	504,645	

The City's total debt increased by \$67,244,000 (13 percent) during 2003. The key factor in this increase was the issuance of \$55,000,000 in revenue bonds by Lincoln Wastewater System to refund \$4,560,000 of outstanding 5% debt and to provide approximately \$48,000,000 of additional construction funds.

The City also issued \$19,305,000 in various purpose bonds to finance \$10,000,000 of drainage improvements and to refund \$8,305,000 of certain outstanding various purpose bonds of the City; \$18,510,000 of Water Revenue bonds to provide additional construction funds; and \$32,180,000 of Water Revenue Refunding bonds to pay off \$37,810,00 of 4.8% - 5.3% debt.

In an effort to reduce the borrowing costs for LES, a refunding issue of \$148,000,000 was completed to refund \$136,000,000 of 1993 Revenue Bonds and convert \$20,000,000 of commercial paper to long-term revenue bonds. With historically low interest rates, LES was able to obtain a true interest cost of 3.7% on the entire bond sale and total savings of \$23,000,000 in interest costs over the life of the bonds. Other commercial paper activity included converting \$34,000,000 taxable commercial paper to tax-exempt commercial paper. With \$35,000,000 of commercial paper capacity available, most smaller projects can be initially funded with this capacity.

The City maintains the following credit ratings:

	Moody's Investors	Standard And	Fitch Investors
	<u>Service</u>	Poor's	<u>Service</u>
General Obligation Bonds	Aaa	AAA	
Municipal Infrastructure			
Redevelopment Fund Bonds	Aa2	AAA	
Antelope Valley Project Bonds	Aa2	AA	
Water Revenue Bonds	Aa2	AA+	
Wastewater Revenue Bonds			
MBIA insured	Aaa	AAA	
Underlying	Aa2	AA+	
Parking Revenue Bonds	A2	A	
Electric Revenue:			
1993 Bonds	Aa2	AA+	AA
1998 Bonds	Aa2	AA	AA
2001 Bonds	Aa2	AA	AA
2002 Bonds	Aa2	AA	AA
Commercial Paper – tax exemp	t	A1+	F1+
Commercial Paper – taxable	MIG 1	A1+	F1+

Under the City's Home Rule Charter, there is no legal debt limit.

Additional information on the City's long-term debt can be found in Note 9 of the notes to the financial statements on pages 52-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The County Assessor's office has completed a countywide revaluation of real property for the 2003-2004 fiscal year, which resulted in significant increases in valuations of real property. The increase in the City's property tax base provided by real growth is estimated at 4.51% for 2004. Total growth, including revaluations of current property, is estimated at 14.5%.
- Sales tax collections increased by 4% over the past year, with current collections through December 2003 showing a 3% increase over the same period in 2002. The sales tax base has been further expanded by the Nebraska Legislature to include additional services. Sales tax collections have been positively impacted by an improving local economy, a modest expansion of the sales tax base, and reduced refunds under the business incentive provisions of LB775.
- Occupation tax revenues are expected to increase 10.8% in 2004 due to amounts collected from the telecommunications occupation tax, with much of the growth related to cell phone revenue.
- In lieu of tax State is expected to decrease 37.2% due to the State of Nebraska reducing payments by 10% proposed in the Governor's budget plus another lump sum reduction adopted by the Legislature. In addition, the Legislature eliminated payment from the Municipal Equalization Rollover Fund in order to the keep the revenue for the State.

- Increase of 911 Surcharge on phone lines from \$.50 to \$.75 per month effective January 1, 2004. Revenue is used for operations as well as capital improvements.
- A 3% water rate increase and a 7% wastewater rate increase were adopted by the City Council.

All of these factors were considered in preparing the City's budget for the 2004 fiscal year.

During 2003, unreserved fund balance in the general fund increased to \$35,987,302. The City of Lincoln has appropriated \$6,272,137 of this amount for spending in the 2004 fiscal year budget. The use of available fund balance aids the City in avoiding the need to raise property taxes during 2004.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lincoln's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lincoln, Finance Department, 555 South 10th Street, Lincoln, NE 68508.

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BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AUGUST 31, 2003

With Summarized Financial Information as of August 31, 2002

		Governmental	Business	Tot	als
		Activities	Activities	2003	2002
ASSETS					
Cash and Cash Equivalents	\$	22,233,194	17,787,835	40,021,029	85,015,463
Investments		106,578,146	31,480,712	138,058,858	136,190,571
Invested Securities Lending Collateral		7,414,973	-	7,414,973	7,653,943
Receivables, (Net of Allowance for Uncollectibles)		14,071,075	27,192,052	41,263,127	38,008,672
Internal Balances Due from Other Governments		1,054,546 20,649,249	(1,054,546) 4,064	20,653,313	25,118,687
Inventories		1,538,324	6,954,746	8,493,070	8,371,715
Plant Operation Assets		-	3,784,000	3,784,000	4,073,000
Prepaid Items		394,791	724,559	1,119,350	1,107,585
Deferred Charges and Other Assets		1,234,861	19,991,890	21,226,751	25,290,698
Restricted Assets:		10.400	744.047	700 000	7 000 401
Cash and Cash Equivalents Investments		18,433 37,235,065	744,847 189,396,829	763,280 226,631,894	7,896,461 191,010,368
Receivables		416	299,602	300,018	191,010,308
Net Pension Asset		-	-	-	374,000
Investment in Joint Venture		26,713,616	-	26,713,616	1,569,684
Capital Assets:					
Non-depreciable		110,284,875	178,711,114	288,995,989	197,230,711
Depreciable (Net)		293,136,880	774,388,774	1,067,525,654	1,030,653,515
Total Assets		642,558,444	1,250,406,478	1,892,964,922	1,759,756,174
I IADII ITIEC					
LIABILITIES Accounts Payable		8,608,467	17,394,579	26,003,046	19,596,962
Accrued Liabilities		4,586,844	8,728,590	13,315,434	11,664,851
Due to Other Governments		1,156,644	98,690	1,255,334	534,998
Unearned Revenue		965,852	127,676	1,093,528	1,333,451
Obligations under Securities Lending		7,414,973	-	7,414,973	7,653,943
Other Liabilities		613,826	5,866,361	6,480,187	5,909,122
Notes Payable		-	-	-	34,710,000
Matured Bonds and Interest Payable		104,250	-	104,250	104,250
Liabilities Payable from Restricted Assets Noncurrent Liabilities:		-	20,534,257	20,534,257	13,542,728
Compensated Absences:					
Payable within One Year		5,148,645	714,499	5,863,144	5,472,096
Payable in More Than One Year		2,108,277	284,576	2,392,853	2,340,392
Claims and Judgements:					
Payable within One Year		2,429,395	-	2,429,395	2,692,407
Payable in More Than One Year		2,714,445	-	2,714,445	2,814,937
Bonds, Notes and Leases Payable:		4 000 000	10.010.010	00 000 011	04 047 400
Due within One Year Due in More Than One Year		4,939,229	19,049,612	23,988,841	21,315,188
Due in More Than One Year Deferred Credits and Other		69,695,323	565,458,775 119,000	635,154,098 119,000	547,254,760 3,274,000
Net Pension Obligation		130,000	115,000	130,000	5,274,000
Accrued Landfill Closure/Postclosure Care Costs		-	6,244,000	6,244,000	6,566,000
Total Liabilities	•	110 010 170	CAA 690 615		606 700 005
Total Elabilities		110,616,170	644,620,615	755,236,785	686,780,085
NET ASSETS					
Invested in Capital Assets, Net of Related Debt		353,228,671	513,682,743	866,911,414	797,815,612
Restricted for:					
Debt Service, Net of Related Debt		15,127,340	24,181,259	39,308,599	44,077,645
Revenue Bond Indentures		-	-	70.055.007	15,645,422
Capital Projects Other		50,376,033	28,679,274 26,900	79,055,307	44,848,514
Trust Donations:		793,575	20,900	820,475	73,896
Expendable		1,472,719	_	1,472,719	1,201,549
Nonexpendable		160,000	-	160,000	-,,
Health Care:					
Expendable		6,998,549	-	6,998,549	5,624,910
Nonexpendable		37,000,000	-	37,000,000	37,000,000
Claims		-	-	-	729,063
Unrestricted		66,785,387	39,215,687	106,001,074	125,959,478
Total Net Assets	\$	531,942,274	605,785,863	1,137,728,137	1,072,976,089

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2003

With Summarized Financial Information for the Year Ended August 31, 2002

Net (Expense) Revenue and Program Revenues Changes in Net Assets Operating Capital Charges for Grants and Grants and **Business-Type** Totals Governmental 2002 2003 Expenses Services Contributions Contributions Activities Activities **Functions/Programs** Governmental Activities: General Government (26.781.326)13.883.872 1.394.727 275,995 (11, 226, 732)(11, 226, 732)(5,255,067)Public Safety (60, 312, 147)5,797,146 1,993,502 (52,521,499)(52,521,499)(49,374,995)Streets and Highways (21,627,658)881,255 14,765,589 29,364,289 23,383,475 23,383,475 22,635,891 Culture and Recreation (23.183.517)2,700,504 1.830.608 1.165.240 (17.487.165)(17,487,165)(17.027.717)**Economic Opportunity** (18,803,783)2,334,074 11,220,969 22,926 (5,225,814)(5,225,814)(2,876,105)Health and Welfare (17,232,211) 2,735,248 10,457,143 (4,039,820) (4,039,820)(5,843,878) 1,278,920 1,489,957 (5,757,335)(1,005,394)Mass Transit (8.526.212)(5.757.335)**Equipment Management** 814,316 323,108 (94,372)(580, 423)557,001 557,001 **Engineering Services** (2,517,342)1,665,483 (851,859)(851, 859)268,752 **Utility Services** 77,575 77,575 77,575 1.359.644 Interest on Long-Term Debt (3,510,748)245,361 1,517,989 1 398 428 (348,970)(348, 970)Total Governmental Activities (183,075,367) 32,413,754 44,670,484 32,549,986 (73,441,143) (73,441,143) (57,213,241) Business-Type Activities: Parking Lots (184, 222)208,292 24,070 24,070 15,774 (3,064,867) 2,589,583 (290,421) (290, 421)(4,909)Golf 184,863 Parking Facilities (4.328.388)5.033.157 704.769 618.094 704 769 (2,341,886)(494, 160)Municipal Auditorium 1,712,114 (629,772)(629,772)Sanitary Landfill (4,390,601)5,299,047 106,575 1,015,021 1,015,021 209,426 **Emergency Medical Services** (3,905,011)3,923,268 18,257 18,257 375,336 Wastewater System (13.205.150)14,665,990 178 100 4 185 547 5.824.487 5,824,487 4,302,656 Water System (19, 144, 465)20,841,857 116,815 3,061,891 4,876,098 4,876,098 7,533,766 Electric System (155,489,000)164,974,000 9,485,000 9,485,000 (1,611,000) Total Business-Type Activities (206,053,590)219,247,308 294,915 7,538,876 21,027,509 21,027,509 10,944,983 **Total Primary Government** (389,128,957) 251,661,062 44,965,399 40,088,862 (73,441,143)21,027,509 (52,413,634)(46, 268, 258)General Revenues: Property Tax 36,389,326 36,389,326 34,991,750 Motor Vehicle Tax 3,823,011 3,823,011 3,589,367 7,767,169 7,758,565 Wheel Tax 7.767.169 Sales and Use Tax 49.010.546 49.010.546 47.049.405 Sundry and In Lieu Tax 44,810 44,810 45,685 Occupation Tax 8,555,252 565,790 9,121,042 9,020,544 Unrestricted Grants and Contributions 3,425,878 2,970,754 2,970,754 Unrestricted Investment Earnings 1,351,346 5,045,047 6,396,393 8,735,387 497,324 696,846 Miscellaneous General Revenues 405,066 92,258 1,073,191 1,145,696 72.505 1.064.247 Gain on Sale of Capital Assets Transfers 224,128 (224,517)(389)17.251 Total General Revenues and Transfers 111,614,599 5,551,083 117,165,682 116,394,925 38,173,456 70,126,667 Change in Net Assets 26,578,592 64,752,048 1,002,849,422 Net Assets - Beginning 493,768,818 579.207.271 1,072,976,089 531.942.274 605 785 863 1 072 976 089 Net Assets - Ending 1 137 728 137

BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2003

				Community		
		Ctt	E- J1	Health	Other	
	General	Street Construction	Federal Grants	Permanent Endowment	Other Governmental	
	Fund	Fund	Fund	Fund	Funds	Total
		·				
ASSETS						
Cash and Cash Equivalents \$	5,192,376	1,930,240	-	118,486	12,050,789	19,291,891
Investments Invested Securities Lending Collateral	21,868,676	10,322,097	-	43,797,878 7,414,973	54,550,837	130,539,488 7,414,973
Receivables, (Net of Allowance for Uncollectibles)	3,857,568	3,011,351	2,768	3,534	6,390,211	13,265,432
Due from Other Funds	1,672,073	-	-	-	797,213	2,469,286
Due from Other Governments	9,490,492	7,258,454	2,256,613	=	1,356,430	20,361,989
Assets Held for Resale	=	=	=	=	793,575	793,575
Inventories Proposid Itams	317,898 199,653	45,812	-	=	727,231	1,090,941 199,653
Prepaid Items Restricted Assets:	199,033	-	-	-	-	199,033
Cash and Cash Equivalents	=	=	-	18,433	-	18,433
Investments	-	-	-	75,065	-	75,065
Receivables			-	416		416
Total Assets	42,598,736	22,567,954	2,259,381	51,428,785	76,666,286	195,521,142
LIABILITIES AND FUND BALANCES						
Liabilities:	707.047	0.750.000	4.450.407	0.000	0.700.000	7.440.000
Accounts Payable	707,217	2,759,083 69,811	1,152,127	9,333	2,520,860 748,954	7,148,620 818,765
Contracts Payable Accrued Liabilities	2,360,693	114,842	311,328	5,782	1,342,951	4,135,596
Due to Other Funds	1,060,207	13,307	492,430	148	275,814	1,841,906
Due to Other Governments	272,408	351,892	449,911	-	76,380	1,150,591
Unearned Revenue	-	-	-	-	417,350	417,350
Obligations under Securities Lending	1 001 491	4 461 206	-	7,414,973	4 100 119	7,414,973
Deferred Revenue Matured Bonds and Interest Payable	1,081,421	4,461,396	904,889	-	4,100,112 104,250	10,547,818 104,250
Total Liabilities	5,481,946	7,770,331	3,310,685	7,430,236	9,586,671	33,579,869
Fund Balances (Deficits):						
Reserved for:						
Encumbrances	611,937	7,732,428	5,177,096	-	2,463,855	15,985,316
Inventories	317,898	45,813	-	-	727,230	1,090,941
Prepaid Items Debt Service	199,653	-	_	-	13,069,991	199,653 13,069,991
Trust Donations	_	=	=	=	1,632,719	1,632,719
Resale Assets	-	-	-	-	793,575	793,575
Health Care (non-expendable)	-	-	-	37,000,000	-	37,000,000
Donor Restrictions	-	-	-	93,914	-	93,914
Unreserved, Reported in:						
General Fund: Designated for Debt Service	381,653					381,653
Designated for Subsequent Years Expenditures	7,835,721	- -	_	_	_	7,835,721
Undesignated	27,769,928	=	-	-	-	27,769,928
Special Revenue Funds:						
Designated for Subsequent Years Expenditures	-	71,121	-	-	1,269,428	1,340,549
Undesignated	-	6,948,261	(6,228,400)	-	16,109,952	16,829,813
Debt Service Funds Capital Projects Funds	-	-	_	-	6,135,384 24,877,481	6,135,384
Permanent Fund	- -	- -	_	6,904,635	24,077,401	24,877,481 6,904,635
Total Fund Balances (Deficits)	37,116,790	14,797,623	(1,051,304)	43,998,549	67,079,615	161,941,273
Total Liabilities and Fund Balances \$	42,598,736	22,567,954	2,259,381	51,428,785	76,666,286	
Amounts reported for governmental activities in the	ne statement of ne	et assets are differer	nt because:			
Capital assets used in governmental activities an	re not financial re	esources and, therefo	ore, not reported i	n the funds.		394,803,853
Investment in joint venture is not a financial res	ource and, theref	fore, not reported in	the funds.			26,713,616
Other long-term assets are not available to pay	for current-period	l expenditures and,	therefore, deferred	d in the funds.		10,547,818
Internal service funds are used by management						
and liabilities of the internal service funds are	included in gover	rnmental activities i	n the statement of	net assets.		19,496,681
Accrued pension contribution liability requires	the use of unavai	lable financial resou	irces and, therefor	e, is not		
reported in the funds.						(42,520)
Long-term liabilities, including bonds payable,	are not due and p	ayable in the curren	it period and, there	efore, not reported	l	
in the funds.						(81,518,447)
Net assets of governmental activities						\$ 531,942,274

The notes to the financial statements are an integral part of this statement. $% \left(\frac{1}{2}\right) =\left(\frac{1}{2}\right) \left(\frac{1}{2}\right)$

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2003

		General Fund	Street Construction Fund	Federal Grants Fund	Community Health Permanent Endowment Fund	Other Governmental Funds	Total
REVENUES	•						
Taxes:							
Property	\$	19,864,870	-	-	-	16,485,272	36,350,142
Motor Vehicle		3,823,011	-	-	-	-	3,823,011
Wheel		-	-	-	-	7,767,169	7,767,169
Sales and Use		49,010,546	-	-	-	-	49,010,546
Sundry and In Lieu		30,609	-	-	-	14,200	44,809
Occupation		8,172,116	-	-	-	-	8,172,116
Special Assessments		58	-	-	-	1,946,726	1,946,784
Intergovernmental		4,117,759	24,450,927	16,748,342	-	7,456,396	52,773,424
Permits and Fees		3,006,483	281,178	482,488	-	8,909,474	12,679,623
Reimbursement for Services		5,062,777	9,842	420,243	-	604,474	6,097,336
Program Income		-	-	1,748,959	-	-	1,748,959
Investment Earnings		565,130	344,477	13,150	2,468,395	962,184	4,353,336
Donations		1,085,211	-	50,266	-	945,650	2,081,127
Keno Proceeds		-	-	-	-	3,178,094	3,178,094
Miscellaneous		392,498	605,609	10,675	59,784	157,392	1,225,958
Total Revenues	•	95,131,068	25,692,033	19,474,123	2,528,179	48,427,031	191,252,434
EXPENDITURES							
Current:							
General Government		22,207,234	-	145,898	-	6,585,720	28,938,852
Public Safety		42,198,734	-	1,915,890	-	6,818,661	50,933,285
Streets and Highways		5,711,876	4,897,356	-	-	1,708,431	12,317,663
Culture and Recreation		10,485,726	-	1,716,332	-	7,733,765	19,935,823
Economic Opportunity		292,221	-	11,884,713	-	4,292,711	16,469,645
Health and Welfare		360,123	-	6,589,646	1,907,833	8,757,149	17,614,751
Mass Transit		-	-	117,982	-	7,878,037	7,996,019
Debt Service		-	-	-	-	8,507,223	8,507,223
Capital Outlay			34,878,751			13,285,237	48,163,988
Total Expenditures		81,255,914	39,776,107	22,370,461	1,907,833	65,566,934	210,877,249
Excess (Deficiency) of Revenues							
Over (Under) Expenditures		13,875,154	(14,084,074)	(2,896,338)	620,346	(17,139,903)	(19,624,815)
OTHER FINANCING SOURCES (USES)							
Transfers In		1,855,034	7,520,400	323,472	-	21,999,862	31,698,768
Transfers Out		(16,781,029)	(1,479,627)	(16,492)	-	(13,210,684)	(31,487,832)
Issuance of Debt		-	-	-	-	19,347,418	19,347,418
Transfer to Bond Refunding Agent		-	-	-	-	(9,598,350)	(9,598,350)
Premiums / Discounts on Debt Issued		-	-	-	-	247,703	247,703
Sale of Capital Assets		36,570				774,385	810,955
Total Other Financing Sources (Uses)		(14,889,425)	6,040,773	306,980		19,560,334	11,018,662
Net Change in Fund Balances		(1,014,271)	(8,043,301)	(2,589,358)	620,346	2,420,431	(8,606,153)
Fund Balances - Beginning		38,131,061	22,840,924	1,538,054	43,378,203	64,659,184	170,547,426
Fund Balances (Deficits) - Ending	\$	37,116,790	14,797,623	(1,051,304)	43,998,549	67,079,615	161,941,273

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2003

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$	(8,606,153)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the	
current period.	19,552,863
The net effect of various miscellaneous transactions involving capital contributions is to increase net assets.	11,173,500
Revenues in the statement of activites that do not provide current financial resources are not reported as revenues in the funds.	(4,252,214)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,388,214)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(789,938)
Changes in the net pension asset/obligation do not represent financial activity in governmental funds.	(504,000)
Changes in the interest in the underlying capital assets of the joint venture do not represent financial activity in governmental funds.	25,143,932
Some pension contribution expenses require the use of unavailable financial resources and, therefore, are not reported as expenditures in governmental funds.	(5,457)
Internal service funds are used by management to charge the costs of certain services to individual funds.	849,137
Change in net assets of governmental activities \$_	38,173,456

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

				Variance with Final Budget
	Budgeted		Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Real Estate and Personal Property Tax	\$ 22,099,479	22,099,479	23,292,765	1,193,286
Taxes Collected by Others	47,612,196	47,612,196	48,657,268	1,045,072
Sundry Taxes and In Lieu	29,115	29,115	29,773	658
Occupation Taxes	8,708,690	8,708,690	9,043,518	334,828
Special Assessments	6,200	6,200	366	(5,834)
Intergovernmental	4,045,255	4,045,255	4,299,169	253,914
Permits and Fees	2,516,270	2,516,270	2,392,525	(123,745)
Reimbursement for Services	1,989,342	1,989,342	2,144,442	155,100
Court Fees	588,500	588,500	623,887	35,387
Recreation Receipts	1,697,782	1,697,782	1,703,196	5,414
Investment Earnings	431,796	431,796	531,307	99,511
Donations	1,072,226	1,072,226	1,087,660	15,434
Rental Income	348,812	348,812	364,479	15,667
Parking Revenue	835,000	835,000	835,000	-
Miscellaneous	452,057	452,057	285,081	(166, 976)
Total Revenues	92,432,720	92,432,720	95,290,436	2,857,716
Expenditures:				
General Government:				
Legislative	347,343	297,139	226,054	71,085
Executive	1,162,952	1,173,680	1,146,039	27,641
Financial Administration	2,163,842	2,163,842	2,030,456	133,386
Law	1,781,361	1,781,361	1,716,967	64,394
Personnel Administration	753,724	753,724	745,450	8,274
Planning and Zoning	1,549,184	1,549,184	1,344,442	204,742
Urban Development	680,642	680,642	623,249	57,393
Miscellaneous	16,452,532	16,430,883	14,484,818	1,946,065
Total General Government	24,891,580	24,830,455	22,317,475	2,512,980
Public Safety:	24,001,000	24,030,433	22,311,413	۵,312,300
Police	24,737,969	24,738,236	24,142,314	595,922
Fire	16,845,163	16,845,163	16,414,337	430,826
Traffic Engineering	1,666,388	1,713,088	1,670,141	42,947
Total Public Safety				
	43,249,520	43,296,487	42,226,792	1,069,695
Streets and Highways:	0.570.470	0.550.010	0 140 050	400 100
Street Maintenance	2,579,476	2,552,812	2,143,652	409,160
Street Lighting	3,315,300	3,315,300	3,307,904	7,396
Total Streets and Highways	5,894,776	5,868,112	5,451,556	416,556
Culture and Recreation:	10.010.110	10.015.050	10.170.001	44.00
Parks and Recreation	10,249,418	10,215,058	10,170,061	44,997
Libraries	175,416	175,416	175,416	
Total Culture and Recreation	10,424,834	10,390,474	10,345,477	44,997
Economic Opportunity:				
Lincoln Area Agency on Aging	290,950	290,950	290,375	575
Health and Welfare:				
Lincoln/Lancaster County Health	347,583	347,583	347,583	
Total Expenditures	85,099,243	85,024,061	80,979,258	4,044,803
Excess of Revenues Over Expenditures	7,333,477	7,408,659	14,311,178	6,902,519
•				
Other Financing Sources (Uses):	1 001 000	1 001 000	1 000 470	(00.105)
Transfers In	1,861,608	1,861,608	1,829,473	(32,135)
Transfers Out	(18,684,971)	(18,867,194)	(16,011,583)	2,855,611
Sale of Capital Assets	33,065	33,065	36,569	3,504
Total Other Financing Sources (Uses)	(16,790,298)	(16,972,521)	(14,145,541)	2,826,980
Net Change in Fund Balances	(9,456,821)	(9,563,862)	165,637	9,729,499
Fund Balances - Beginning	29,346,179	29,346,179	29,346,179	-
				0.790.400
Fund Balances - Ending	\$ 19,889,358	19,782,317	29,511,816	9,729,499

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STREET CONSTRUCTION FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
	_				
Revenues:					
Intergovernmental	\$	14,000,000	14,000,000	14,677,045	677,045
Permits and Fees		-	-	279,095	279,095
Reimbursement for Services		225,000	225,000	9,842	(215, 158)
Investment Earnings		500,000	500,000	326,061	(173,939)
Rental Income	_	_		251	251
Total Revenues	_	14,725,000	14,725,000	15,292,294	567,294
Expenditures Streets and Highways:					
Personal Services		2,690,555	2,690,555	2,719,356	(28,801)
Materials and Supplies		345,075	345,075	384,308	(39,233)
Other Services and Charges		2,051,480	1,809,657	1,692,393	117,264
Capital Outlay		50,646	75,646	73,001	2,645
Total Expenditures		5,137,756	4,920,933	4,869,058	51,875
Excess of Revenues Over Expenditures		9,587,244	9,804,067	10,423,236	619,169
Excess of Revenues Over Expenditures	-	9,367,244	9,004,007	10,423,230	019,109
Other Financing Sources (Uses):					
Transfers In		7,520,400	7,520,400	7,520,400	-
Transfers Out		(1,479,627)	(1,479,627)	(1,479,627)	
Total Other Financing Sources (Uses)	_	6,040,773	6,040,773	6,040,773	
Net Change in Fund Balances		15,628,017	15,844,840	16,464,009	619,169
Amount Not Required to be Budgeted		-	-	(25,233,598)	-
Fund Balances - Beginning	-	19,074,341	19,074,341	19,074,341	
Fund Balances - Ending	\$	34,702,358	34,919,181	10,304,752	(24,614,429)

FEDERAL GRANTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

	_	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Intergovernmental	\$	16,383,164	16,383,164	16,279,471	(103,693)
Permits and Fees		549,601	549,601	549,601	-
Reimbursement for Services		223,665	223,665	223,685	20
Client Contributions		128	128	128	-
Program Income		1,195,736	1,195,736	1,748,959	553,223
Recreation Receipts		108,015	108,015	108,015	-
Investment Earnings		12,099	12,099	12,099	-
Donations		50,351	50,351	50,351	-
Rental Income		-	-	102,012	102,012
Private Sector Share of Project		3,489	3,489	3,489	-
Miscellaneous	_	6,965	6,965	7,275	310
Total Revenues	_	18,533,213	18,533,213	19,085,085	551,872
Expenditures:					
General Government:					
Materials and Supplies		199	199	199	-
Other Services and Charges		35,383	35,383	35,383	-
Capital Outlay		92,126	92,126	92,126	-
Total General Government	_	127,708	127,708	127,708	
Public Safety:	_				
Personal Services		899,906	899,906	899,906	_
Materials and Supplies		164,748	164,748	164,748	_
Other Services and Charges		555,616	555,616	555,616	_
Capital Outlay		308,442	308,442	308,442	_
Total Public Safety	_	1,928,712	1,928,712	1,928,712	
·	-				
Culture and Recreation: Personal Services		292,339	292,339	292,339	
Materials and Supplies		20,072	20,072	20,072	_
Other Services and Charges		269,491	269,491	269,491	_
Capital Outlay		662,487	662,487	662,487	_
Total Culture and Recreation	-	1,244,389	1,244,389	1,244,389	
	_	1,211,000	1,211,000	1,211,000	
Economic Opportunity:					
Personal Services		3,350,288	3,303,730	3,285,990	17,740
Materials and Supplies		116,655	116,655	125,048	(8,393)
Other Services and Charges		1,963,276	2,148,544	2,019,162	129,382
Capital Outlay		61,944	982,741	392,486	590,255
Loans and Grants	_	5,046,808	6,548,741	5,668,315	880,426
Total Economic Opportunity	-	10,538,971	13,100,411	11,491,001	1,609,410

(Federal Grants Fund, Continued)

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Health and Welfare:				
Personal Services	3,553,659	3,553,659	3,553,659	-
Materials and Supplies	122,953	122,953	122,953	-
Other Services and Charges	2,255,509	2,255,509	2,255,509	-
Capital Outlay	151,132	151,132	151,132	-
Loans and Grants	90,721	90,721	90,721	-
Total Health and Welfare	6,173,974	6,173,974	6,173,974	
Mass Transit:				
Personal Services	109,505	109,505	109,505	_
Materials and Supplies	1,209	1,209	1,209	_
Other Services and Charges	6,911	6,911	6,911	_
Capital Outlay	195	195	195	_
Total Mass Transit	117,820	117,820	117,820	_
Total Expenditures	20,131,574	22,693,014	21,083,604	1,609,410
Deficiency of Revenues				
Under Expenditures	(1,598,361)	(4,159,801)	(1,998,519)	2,161,282
Other Financing Sources (Uses):				
Transfers In	393,509	393,509	323,471	(70,038)
Transfers Out	(2,639)	(16,492)	(16,492)	-
Total Other Financing Sources (Uses)	390,870	377,017	306,979	(70,038)
Net Change in Fund Balances	(1,207,491)	(3,782,784)	(1,691,540)	2,091,244
Fund Balances - Beginning	377,621	377,621	377,621	
Fund Balances (Deficits) - Ending	\$ (829,870)	(3,405,163)	(1,313,919)	2,091,244

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CITY OF LINCOLN, NEBRASKA STATEMENT OF NET ASSETS PROPRIETARY FUNDS AUGUST 31, 2003

	AUGUST 51, 2005						
		Business-Type Activities Enterprise Funds					
	Lincoln Wastewater	Lincoln Water	Lincoln Electric	Other Enterprise	T . 1	Activities Internal Service	
ASSETS	System	System	System	Funds	Total	Funds	
Current Assets: Cash and Cash Equivalents Investments	\$ 9,992,780	4,719,391	745,000 21,769,000	2,330,664 9,711,712	17,787,835 31,480,712	2,941,303 13,198,658	
Accounts Receivable, (Net of Allowance for Uncollectibles)	1,427,707	3,086,033	8,943,000	2,137,286	15,594,026	740,914	
Accrued Interest Receivable Unbilled Revenues	1,257,384	2,804,276	562,000 6,917,000	57,366	619,366 10,978,660	64,729	
Due from Other Funds Due from Other Governments	- -	-	-	$10,421 \\ 4,064$	10,421 4,064	456,626 287,260	
Inventories Plant Operation Assets	82,570	853,960	5,863,000 3,784,000	155,216	6,954,746 3,784,000	447,383	
Prepaid Expenses Total Current Assets	12,760,441	11,463,660	678,000 49,261,000	46,559 14,453,288	724,559 87,938,389	195,138 18,332,011	
Noncurrent Assets: Restricted Assets:							
Cash and Cash Equivalents Investments	65,337,062	23,263,315	97,521,000	744,847 3,275,452	744,847 189,396,829	-	
Accounts Receivable Accrued Interest Receivable	143,336	107,687	-	14,958 33,621	14,958 284,644	-	
Total Restricted Assets	65,480,398	23,371,002	97,521,000	4,068,878	190,441,278		
Deferred Charges Capital Assets:	489,754	581,795	18,317,000		19,991,890		
Land Buildings	2,280,164 37,600,319	4,431,662 92,937,642	-	7,660,124 49,080,376	14,371,950 179,618,337	48,250 351,081	
Improvements Other Than Buildings Machinery and Equipment	120,424,069 8,638,706	176,454,070 6,911,765	-	22,245,111 9,528,286	319,123,250 25,078,757	1,163,159 20,432,100	
Utility Plant	-	-	654,127,000	-	654,127,000	-	
Construction in Progress Less Accumulated Depreciation	24,590,688 (57,950,774)	10,701,532 (69,503,732)	127,068,000 (248,352,000)	1,978,944 (27,752,064)	164,339,164 (403,558,570)	(13,376,688)	
Total Capital Assets, Net Total Assets	135,583,172 214,313,765	221,932,939 257,349,396	532,843,000 697,942,000	62,740,777 81,866,284	953,099,888 1,251,471,445	8,617,902 26,949,913	
	214,010,700	201,040,000	001,042,000	01,000,204	1,201,111,110	20,040,010	
LIABILITIES Current Liabilities (Payable from Current Assets):							
Accounts Payable Construction Contracts	216,928 2,327,335	576,194 3,989,008	8,242,000	2,043,114	11,078,236 6,316,343	641,082	
Accrued Liabilities	354,501 229,902	675,053	7,480,000	219,036 215,827	8,728,590	408,728 519,760	
Accrued Compensated Absences Due to Other Funds	229,902	268,770	-	456,861	714,499 456,861	29,460	
Due to Other Governments Unearned Revenue	-	-	-	98,690 127,676	98,690 127,676	6,053 548,502	
Claims Accrued Interest	204,516	102,226	-	5,619	312,361	2,429,395	
Current Portion of Capital Lease	-	-	-	299,612	299,612	-	
Current Portion of Long-Term Debt Other	1,750,000	3,115,000	5,554,000	-	4,865,000 5,554,000	-	
Total Current Liabilities (Payable from Current Assets)	5,083,182	8,726,251	21,276,000	3,466,435	38,551,868	4,582,980	
Current Liabilities (Payable from Restricted Assets):	3,003,102	0,720,201	21,270,000			4,002,000	
Accounts Payable Construction Contracts	-	-	14,662,000	25,937	25,937 14,662,000	-	
Arbitrage Rebate Accrued Interest	-	-	5,764,000	40,666 41.654	40,666 5.805.654	-	
Current Portion of Long-Term Debt Total Current Liabilities (Payable			12,450,000	1,435,000	13,885,000		
from Restricted Assets)			32,876,000	1,543,257	34,419,257		
Noncurrent Liabilities: Due to Other Funds			-	608,106	608,106	-	
Accrued Compensated Absences Claims	101,015	161,681	-	21,880	284,576	155,807 2,714,445	
Long-Term Debt, Net Capital Lease Payable	55,258,928	48,801,838	350,886,000	19,289,527 1,049,482	474,236,293 1,049,482	-	
Commercial Paper Notes Payable Deferred Credits and Other	-	-	90,173,000 119,000	-	90,173,000 119,000	-	
Accrued Landfill Closure/Postclosure Care Costs	-	40.000.510		6,244,000	6,244,000	- 0.070.070	
Total Noncurrent Liabilities Total Liabilities	55,359,943 60,443,125	48,963,519 57,689,770	441,178,000 495,330,000	27,212,995 32,222,687	572,714,457 645,685,582	2,870,252 7,453,232	
NET ASSETS							
Invested in Capital Assets, Net of Related Debt Restricted for:	131,308,344	180,477,902	160,626,000	41,270,497	513,682,743	8,617,902	
Debt Service, Net of Related Debt Capital Projects	204,516 13,806,528	102,226 13,286,544	21,527,000	2,347,517 1,586,202	24,181,259 28,679,274	-	
Other Unrestricted	8,551,252	5,792,954	20,459,000	26,900 4,412,481	26,900 39,215,687	10,878,779	
Total Net Assets	\$ 153,870,640	199,659,626	202,612,000	49,643,597	605,785,863	19,496,681	

CITY OF LINCOLN, NEBRASKA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2003

		Business-Typ	e Activities En	terprise Funds		Governmental
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	Activities Internal Service Funds
Operating Revenues	0 14 001 005	00 000 170	104.074.000	0.000.000	004 470 000	04.071.440
Charges for Services Fees	\$ 14,691,905	20,883,159	164,974,000	3,923,268 8,322,220	204,472,332 8,322,220	24,971,446
Parking Facility Revenue Pledged						
as Security for Revenue Bonds Parking Facility Revenue - Unpledged	-	-	-	2,848,609 2,387,429	2,848,609 2,387,429	-
Performance Revenue	-	-	-	1,674,027	1,674,027	-
Other Operating Revenue Total Operating Revenues	14,691,905	20,883,159	164,974,000	253,055 19,408,608	253,055 219,957,672	24,971,446
Total Operating Revenues	14,091,903	20,003,139	104,974,000	19,400,008	219,937,072	24,971,440
Operating Expenses				0.400.474	0.400.474	10 705 000
Personal Services Contractual Services	-	-	-	6,468,474 2,539,953	6,468,474 2,539,953	10,705,369
Operation and Maintenance	7,700,498	9,820,179	10,778,000	4,792,197	33,090,874	12,071,773
Purchased Power Depreciation	4,118,681	5,396,000	75,603,000 20.088.000	3,226,385	75,603,000 32,829,066	2,156,223
Payments in Lieu of Taxes	-	-	5,954,000	-	5,954,000	2,130,223
Administrative Costs	1,385,971	1,811,317	20,702,000	- 17,007,000	23,899,288	- 04.000.005
Total Operating Expenses	13,205,150	17,027,496	133,125,000	17,027,009	180,384,655	24,933,365
Operating Income	1,486,755	3,855,663	31,849,000	2,381,599	39,573,017	38,081
Nonoperating Revenues (Expenses)						
Investment Earnings	915,838	535,807	3,305,000	288,401	5,045,046	280,916
Gain on Disposal of Capital Assets Grants	178,100	114.999	-	71,768	71,768 293.099	105,397
Amortization of Deferred Charges	-	(42,350)	(4,165,000)	(46,785)	(4,254,135)	-
Interest Expense and Fiscal Charges Total Nonoperating Revenues (Expenses)	1,093,938	$\frac{(2,074,619)}{(1,466,163)}$	<u>(18,199,000)</u> <u>(19,059,000)</u>	$\frac{(1,140,444)}{(827,060)}$	$\frac{(21,414,063)}{(20,258,285)}$	$\frac{(40)}{386,273}$
Total Nonoperating Revenues (Expenses)	1,095,956	(1,400,103)	(19,039,000)	(627,000)	(20,236,263)	300,273
Income Before Contributions and Transfers	2,580,693	2,389,500	12,790,000	1,554,539	19,314,732	424,354
Capital Contributions	4,185,547	3,061,892	-	240,938	7,488,377	411,591
Transfers In	-	-	- (1 101 000)	1,385,397	1,385,397	13,192
Transfers Out Change in Net Assets	6,766,240	5,451,392	(1,181,000) 11,609,000	$\frac{(428,914)}{2,751,960}$	$\frac{(1,609,914)}{26,578,592}$	849,137
Net Assets - Beginning	147,104,400	194,208,234	191,003,000	46,891,637	579,207,271	18,647,544
Net Assets - Ending	\$ 153,870,640	199,659,626	202,612,000	49,643,597	605,785,863	19,496,681
U						

CITY OF LINCOLN, NEBRASKA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

		Business-Typ	e Activities Ente	rprise Funds		Governmental
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	Activities Internal Service Funds
Cash Flows from Operating Activities Receipts from Customers and Users Receipts from Interfund Services Provided Payments to Suppliers for Goods and Services Payments to Employees Payments for Interfund Services Provided Payments in Lieu of Taxes Other Receipts Net Cash Provided by Operating Activities	14,557,248 175,936 (3,747,453) (5,295,804) (1,528,474) 	20,122,917 458,772 (4,656,876) (5,928,009) (3,125,722)	170,857,000 7,306,000 (116,082,000) (15,985,000) (2,252,000) (5,674,000)	18,748,111 217,413 (6,218,460) (6,475,183) (1,276,886) 253,055 5,248,050	224,285,276 8,158,121 (130,704,789) (33,683,996) (8,183,082) (5,674,000) 253,055 54,450,585	5,346,146 19,197,213 (10,079,265) (10,633,843) (2,256,005)
Cash Flows from Noncapital Financing Activities Transfers from Other Funds Transfers to Other Funds	-	-	(1,140,000)	1,330,239 (428,914)	1,330,239 (1,568,914)	13,192
Advance from General Fund Payment to General Fund Interest Paid to General Fund				541,531 (422,308) (16,132)	541,531 (422,308) (16,132)	(40)
Federal Grant Revenue Net Cash Provided (Used) by Noncapital Financing Activi	178,100 t 178,100	114,999 114,999	(1,140,000)	1,004,416	293,099 157,515	13,152
Cash Flows from Capital and Related Financing Activiti		(4.041.697)	(92 540 000)	(9.429.200)	(101,763,407)	(9.990.069)
Additions to Capital Assets Proceeds from Sale of Capital Assets Proceeds from Long-Term Debt	(11,740,470) 13,395 56,519,174	(4,041,637) 51,931,753	(83,549,000) 197,602,000	(2,432,300) 72,505	85,900 306,052,927	(2,330,968) 262,237
Net Cost of Retiring Plant Principal Payments of Capital Lease Principal Payments of Capital Debt Interest Paid and Fiscal Charges	(5,592,566)	(37,810,000) (2,183,793)	(591,000) - (201,533,000) (20,195,000)	(129,538) (1,525,000) (1,130,060)	(591,000) (129,538) (246,460,566) (23,508,853)	- - -
Net Cash Provided (Used) by Capital and Related Financing Activities	39,199,533	7,896,323	(108,266,000)	(5,144,393)	(66,314,537)	(2,068,731)
Cash Flows from Investing Activities Proceeds from Sale and Maturities of Investments Purchases of Investments Interest and Other Receipts	40,831,487 (77,604,325) 966,930	10,944,639 (26,425,542) 646,665	624,152,000 (556,299,000) 4,023,000	8,466,360 (13,130,876) 339,364	684,394,486 (673,459,743) 5,975,959	11,782,403 (15,129,786) 308,618
Net Cash Provided (Used) by Investing Activities	(35,805,908)	(14,834,238)	71,876,000	(4,325,152)	16,910,702	(3,038,765)
Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents - Beginning Cash and Cash Equivalents - Ending	7,733,178 2,259,602 9,992,780	48,166 4,671,225 4,719,391	640,000 105,000 745,000	(3,217,079) 6,292,590 3,075,511	5,204,265 13,328,417 18,532,682	(3,520,098) 6,461,401 2,941,303
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income S	1,486,755	3,855,663	31,849,000	2,381,599	39,573,017	38,081
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: Depreciation and Amortization	4,118,681	5,447,512	20,088,000	3,226,385	32,880,578	2,156,223
Changes in Assets and Liabilities: Accounts Receivable and Unbilled Revenues Due from Other Funds	86,740	(301,470)	941,000	(144,459) 2,116	581,811 2,116	(340,128) 3,396
Due from Other Governments Inventories Plant Operation Assets	17,827	(12,791)	(110,000) 289,000	2,638 9,496	2,638 (95,468) 289,000	12,439 (36,708)
Prepaid Expenses Other Assets	-	-	(135,000) (9,963,000)	63,895	(71,105) (9,963,000)	36,022
Accounts Payable Accrued Liabilities Accrued Compensated Absences	(1,566,631) (10,865) 28,946	(2,003,129) (150,193) 35,490	(2,257,000)	(7,928) (16,432) 9,723	(5,834,688) (177,490) 74,159	88,145 27,890 43,636
Due to Other Funds Due to Other Governments Unearned Revenue	·	·	- -	16,964 (23,623) 49,676	16,964 (23,623) 49,676	9,980 2,568 (103,794)
Claims In Lieu of Taxes	-	-	280,000	-	280,000	(363,504)
Other Current Liabilities Deferred Credits and Other Liabilities Accrued Landfill Closure/Postclosure Care Costs		- -	343,000 (3,155,000)	(322,000)	343,000 (3,155,000) (322,000)	
Total Adjustments Net Cash Provided by Operating Activities	2,674,698 4,161,453	3,015,419 6,871,082	6,321,000 38,170,000	2,866,451 5,248,050	14,877,568 54,450,585	1,536,165 1,574,246
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:			<u>_</u>			
Contribution of Capital Assets Purchase of Capital Assets on Account Change in Fair Value of Investments	4,185,547 2,327,335 (2,358)	2,386,137 3,989,008 (110,858)	- - -	240,938 1,370,145 (48,166)	6,812,622 7,686,488 (161,382)	411,591 51,024 (53,394)

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS AUGUST 31, 2003

		Police And		
		Fire Pension	Agency	
	_	Trust Fund	Funds	Total
ASSETS				
Cash and Cash Equivalents	\$	48,484	3,753,808	3,802,292
Investments		137,585,246	-	137,585,246
Receivables:				
Contributions		219,038	- 710	219,038
Accrued Interest Other		489,078	713	489,791
Due from Other Governments		235	43,172	43,172 235
Contractor Retainage	_		1,051,174	1,051,174
Total Assets		138,342,081	4,848,867	143,190,948
LIABILITIES				
Warrants Payable		-	1,994,606	1,994,606
Accounts Payable		1,024	113,205	114,229
Accrued Liabilities		3,453	-	3,453
Accrued Compensated Absences		5,868	-	5,868
Due to Other Governments		-	733,768	733,768
Due to Contractors		-	1,827,641	1,827,641
Due to Joint Venture		-	167,274	167,274
Due to Bondholders	_	<u> </u>	12,373	12,373
Total Liabilities	_	10,345	4,848,867	4,859,212
NET ASSETS	_			
Held in Trust for Pension Benefits	\$	138,331,736	-	138,331,736

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND FOR THE YEAR ENDED AUGUST 31, 2003

	Police And Fire Pension Trust Fund
Additions:	_
Contributions:	
Employer \$	1,840,417
Employee	1,774,506
Total Contributions	3,614,923
Investment Earnings:	
Interest	3,606,283
Dividends	1,105,613
Net Increase in Fair Value of Investments	4,782,615
Net Investment Earnings	9,494,511
Total Additions	13,109,434
Deductions:	
Benefit Payments	6,664,742
Refunds of Contributions	246,949
Administrative Costs	184,460
Total Deductions	7,096,151
Change in Net Assets	6,013,283
Net Assets Held in Trust for Pension Benefits - Beginning	132,318,453
Net Assets Held in Trust for Pension Benefits - Ending \$	138,331,736

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NOTES TO THE FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Lincoln, Nebraska (City) was incorporated on April 7, 1869. The City operates under a Home Rule Charter and has a Mayor-Council form of government with an elected full-time chief executive, the Mayor, and an elected legislative body, the Council, composed of 7 members. Three Council members are elected at large and 4 by district on a nonpartisan basis for a term of 4 years. The administration of City government is performed under the direction of the Mayor through administrative departments.

The accompanying financial statements present the government of the City. Based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, none of the City's significant potential component units are required to be included as part of the reporting entity. Regarding related organizations, the City's Mayor appoints and the City Council approves all of the board appointments of the Housing Authority of the City of Lincoln. However, the City has no further accountability for this organization.

FISCAL YEAR-END

All fund types of the City, with the exception of Lincoln Electric System (LES), are reported as of and for the year ended August 31, 2003. December 31st is the fiscal year-end of LES as established by the City Charter, and the last separate financial statements were as of and for the year ended December 31, 2002. The amounts included in the City's 2003 financial statements for LES are figures as of and for the year ended December 31, 2002.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Notes to the Financial Statements
August 31, 2003

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *total economic resources measurement* focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to claims and judgements are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The <u>General Fund</u> finances the day-to-day operation of the basic governmental activities, such as legislative, judicial, administration, police and fire protection, legal services, planning, and parks and recreation.

The <u>Street Construction Fund</u> accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets and highways in the City.

The Federal Grants Fund accounts for the costs of providing services under the City's Community Development Block Grant Program with funding provided by grants from the Department of Housing and Urban Development; monies received from various federal and state agencies under several small categorical grants and the City's matching funds to provide services as stipulated in the individual grant agreements; costs of providing services under the Workforce Investment Act with funding provided by grants from the Department of Labor; and reimbursements from the Federal Emergency Management Agency due to disasters caused by storm and flood damage with funds used to reimburse other funds for related costs and to pay disaster related expenses.

The <u>Community Health Permanent Endowment Fund</u> accounts for the cash proceeds realized by the City from the sale of Lincoln General Hospital together with any interest or other investment income earned. The endowment may be increased by donations, bequests, or appropriations to the fund. Monies in the fund are used for funding health and health-related programs that further the health, safety, or welfare of the citizens of Lincoln.

The government reports the following major enterprise funds:

The <u>Lincoln Wastewater System Fund</u> accounts for the activities of the government's wastewater utility.

The <u>Lincoln Water System Fund</u> accounts for the activities of the government's water distribution operations.

The <u>Lincoln Electric System Fund</u> accounts for the activities of the government's electric distribution operations.

Additionally, the government reports the following fund types:

<u>Internal Service Funds</u> account for data processing, engineering, risk management, fleet management, telecommunications, and copy services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The <u>Pension Trust Fund</u> accounts for the receipt, investment, and distribution of retirement contributions made for the benefit of police officers and firefighters.

The <u>Agency Funds</u> account for the collection of various taxes, fines, fees, and loan programs due to other government entities; good faith money due to contractors upon project completion; funds held to pay outstanding warrants; funds to pay phone system charges; defeased bond proceeds to pay called bonds for which the City Treasurer is trustee; funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project; and funds deposited by Gateway Shopping Center in fulfillment of a condition of the use permit for expansion.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict pronouncements of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Only the City's Lincoln Wastewater System and Lincoln Water System funds have elected to follow subsequent private-sector guidance.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These

Notes to the Financial Statements August 31, 2003

investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The City may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

In accordance with authorized investment laws, the Pension Trust Fund of the City is allowed to invest in various mortgage-backed securities, such as collateralized mortgage obligations. They are reported in aggregate as mortgage-backed securities in the disclosure of custodial credit risk (see Note 4).

Receivables and Payables

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent current assets. Recognition of governmental fund type revenues represented by noncurrent receivables generally is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Amounts of governmental fund inventories and prepaid items are offset by a fund balance reserve account to indicate that they do not represent "available spendable resources".

Restricted Assets

Certain proceeds of the enterprise funds revenue bonds and resources set aside for their repayment are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Assets included in the Bond Principal and Interest Account and the Bond Reserve Account are restricted for the payment of bond principal and interest. Assets included in the Surplus Account and the Depreciation and Replacement Account are restricted for purposes including improvements, repairs and replacements, acquisition of equipment, and the payment of bond principal and interest. Assets included in the Construction Account are restricted for paying the cost of the capital projects.

Certain assets of the Golf Enterprise Fund are classified as restricted assets to be used for capital improvements.

Certain assets of the Pershing Municipal Auditorium Enterprise Fund are classified as restricted assets to be used for improvements and to supplement event net losses.

Certain assets of the Community Health Permanent Endowment Fund are classified as restricted assets because their use is restricted by donors for specific purposes.

A recap of restrictions and related balances at August 31, 2003, are as follows:

								Community	
				Pershing	Lincoln	Lincoln	Lincoln	Health	
			Parking	Municipal	Wastewater	Water	Electric	Permanent	
Fund Account		Golf	Facilities	Auditorium	System	System	System	Endowment	Totals
Principal and									
Interest	\$	-	225,065	-	-	-	9,721,000	-	9,946,065
Reserve		316,500	2,052,495	-	3,931,914	3,169,645	11,688,000	-	21,158,554
Surplus		-	11,068	-	4,403,733	-	-	-	4,414,801
Depreciation and									
Replacement		100,000	775,660	-	-	-	-	-	875,660
Construction		-	282,522	-	57,144,751	20,201,357	75,995,000	-	153,623,630
Capital Improvements		88,893	-	189,775	-	-	-	-	278,668
Marketing		-	-	26,900	-	-	-	-	26,900
Communications Escrow		-	-	-	-	-	117,000	-	117,000
Donor Specific Purpose	_							93,914	93,914
	\$_	505,393	3,346,810	216,675	65,480,398	23,371,002	97,521,000	93,914	190,535,192

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 100
Equipment	2 - 20
Utility Plant	30 - 40

The one exception to this rule is library media, which is depreciated using a composite depreciation method.

Compensated Absences

City employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation which is in no case longer than 34 days.

Employees earn sick leave at the rate of one day per month with total accumulation limits established by the employees' bargaining unit. Upon retirement, an employee is reimbursed for one-fourth or one-half of accumulated sick leave, with maximums depending on the employees' bargaining unit contract. In some cases payment may be placed directly in a medical spending account rather than reimbursing the employee directly. Police union employees who leave the City's service in good standing after giving two weeks notice of termination of employment are compensated for one-fourth of accumulated sick leave to the date of separation. LES is covered by a separate personnel plan regarding vacation and sick leave with the liability for these benefits recorded in accrued liabilities.

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past service and it is probable that the City will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent it is probable that the City will compensate the employees for such benefits through cash payments conditioned on the employee's termination or retirement. Such accruals are based on current salary rates and include salary-related payments directly and incrementally associated with payments made for compensated absences on termination.

All vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, only compensated absences expected to be liquidated with expendable available financial resources are recorded as a fund liability.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of unrestricted fund balance represent tentative management plans that are subject to change.

The City has established a policy providing for an unreserved fund balance in the City's General Fund. To meet excess cash flow needs, no less than twenty percent of the ensuing year's General Fund budget is to be set aside as an unrestricted reserve. Currently \$20,907,429 of the General Fund's unreserved fund balance of \$35,987,302 meets the requirements of this policy, leaving an additional unreserved balance of \$15,079,873.

Net Assets Classification

Net assets are required to be classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, and unamortized bond issuance costs reduced by the outstanding

Notes to the Financial Statements August 31, 2003

balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

Restricted – This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

BUDGETARY DATA

The City Council follows these procedures, set out in the City Charter, in establishing the budgetary data reflected in the financial statements:

- 1) At least 40 days prior to the end of the budget and fiscal year, the Mayor submits to the City Council a proposed annual budget for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget.
- 2) Public hearing on the proposed budget is scheduled for not later than 10 days prior to the budget adoption date.
- 3) Not later than 5 days prior to the end of the fiscal year, the budget is legally adopted by resolution of the City Council.
- 4) The Mayor is authorized to transfer unencumbered balances between appropriations of the same department or agency. The Mayor also has authority to lower appropriations in any fund where actual revenues are less than appropriated in order to avoid incurring a budget deficit for the year.
 - Appropriation transfers between departments or agencies may only be authorized by resolution of the City Council. The Council may not make any appropriations in addition to those authorized in the annual budget, except that it may authorize emergency appropriations in the event of an emergency threatening serious loss of life, health, or property in the community.
- 5) Budgets for all funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Since encumbrances are included in the City's budget accounting, year-end encumbrances are reappropriated to the next year in the budget process. Various funds have expenditures automatically appropriated through the budget resolution, based on funds available. These expenditures are reflected in the original and final budgets at amounts equal to the actual expenditures. Budget basis expenditures are presented on a cash basis.
 - Amendments to the adopted budget were made this year and result from prior fiscal year encumbrances identified subsequent to budget adoption, appropriation of unanticipated revenues to certain funds as provided in the budget resolution, and appropriation revisions between or among departments as provided for under the City Charter.
- 6) Appropriation controls are required at the departmental level. However, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department.
- 7) Operating appropriations lapse at the end of the fiscal year except for capital improvement appropriations and year-end encumbrances against operating budgets. Capital improvement appropriations are continuing appropriations through completion of the project.

8) Budgets are adopted by resolution for the following fund types: general, special revenue, debt service, capital projects, permanent, enterprise, internal service, and pension trust. Legally adopted annual budgets are not established for certain special revenue (Advance Acquisition, Tax Sales Revolving, Special Assessment, Property Tax Refunds, Parks and Recreation Special Projects, and Commission on Aging Gift Trust), debt service (Special Assessment), and agency funds. In addition, capital project funds are budgeted on a project rather than an annual basis.

PRIOR-YEAR SUMMARIZED FINANCIAL INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements as of and for the year ended August 31, 2002, from which the summarized information was derived.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ materially from those estimates.

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance* – *total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds." The details of the \$81,518,447 difference are as follows:

Bonds Payable	\$	72,569,237
Less deferred charge for issuance costs		(441,286)
Less issuance discounts		(3,066)
Plus issuance premiums		387,861
Capital Leases Payable		1,680,520
Accrued Interest Payable		613,826
Net Pension Obligation		130,000
Compensated Absences		6,581,355
Net difference	\$_	81,518,447
	_	

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However,

August 31, 2003

in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$19,552,863 difference are as follows:

Capital outlay	\$	34,881,007
Depreciation expense	_	(15,328,144)
Net difference	\$	19,552,863

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(4,388,214) difference are as follows:

Debt issued or incurred:

Issuance of general obligation storm		
sewer bonds	\$	(19,305,000)
Deferred charge for issuance costs		214,350
Issuance premiums		(247,703)
Principal repayments	_	14,950,139
Net difference	\$_	(4,388,214)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$(789,938) difference are as follows:

Loss on disposal of capital assets	\$ (565,595)
Accrued interest	77,141
Claims	24,230
Compensated absences	 (325,714)
Net difference	\$ (789,938)

(3) RECONCILIATION OF BUDGET BASIS TO GAAP

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended August 31, 2003, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

		Street	Federal
	General	Construction	Grants
	Fund	Fund	Fund
Net Change in Fund Balances:			
Balance on a GAAP basis	\$ (1,014,271)	(8,043,301)	(2,589,358)
Basis differences (accruals) occur because the cash basis			
of accounting used for budgeting differs from			
the modified accrual basis of accounting prescribed for			
governmental funds.	1,179,908	(726,288)	897,818
Entity differences occur when the budget excludes			
programs or entities that fall within the financial			
reporting enity as defined by GAAP.	_	25,233,598	_
Balance on a budget basis	\$ 165,637	16,464,009	$\overline{(1.691.540)}$

(4) **DEPOSITS AND INVESTMENTS**

DEPOSITS

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City Treasurer in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit which is insured by the Federal Deposit Insurance Corporation (FDIC).

For purposes of classifying categories of custodial risk, the bank balances of the City's deposits as of August 31, 2003, are either entirely insured or collateralized with securities held by the City's agent in other than the City's name.

As of August 31, 2003, the book balances of the City's deposits approximates bank balances.

INVESTMENTS

For reporting purposes, the carrying amount of securities is classified into the following three categories of custodial credit risk:

- 1) Insured or registered, or securities held by the City or its agent in the City's name.
- 2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- 3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Pension Fund

At August 31, 2003, the Pension Trust fund had investments as follows:

	Category	Reported	Fair
	3	Amount	Value
Mortgage-backed Securities	\$ 53,807,258	53,807,258	53,807,258
Government Agencies	207,263	207,263	207,263
Government Securities	2,480,537	2,480,537	2,480,537
	\$ <u>56,495,058</u>	56,495,058	56,495,058
Mutual Funds		64,527,567	64,527,567
Real Estate Limited Partnerships		10,096,951	10,096,951
Mutual Funds - Hedge Funds		3,188,340	3,188,340
Pooled Investment Funds –			
(internal and external)		3,295,990	3,295,990
		\$ <u>137,603,9061</u>	<u>37,603,906</u>

Lincoln Electric System (LES)

At December 31, 2002 LES had investments as follows:

	Catego	ory 2
	Reported	Fair
	Amount	Value
Government Securities	\$ 33,383,000	34,236,000
Government Money Markets	38,505,000	39,005,000
Commercial Paper	47,402,000	47,332,000
	\$ <u>119,290,000</u>	120,573,000

Notes to the Financial Statements August 31, 2003

Lincoln Wastewater System

At August 31, 2003, Lincoln Wastewater System had investments as shown below:

	Category	Reported	Fair
	3	Amount	Value
Government Agencies	\$ 58,446,697	58,446,697	58,452,825
Government Securities	6,019,980	6,019,980	6,019,980
	\$ <u>64,466,677</u>	64,466,677	64,472,805
Pooled Investment Funds -			
(internal and external)		3,779,460	3,779,460
		\$ 68,246,137	68,252,265

Lincoln Water System

At August 31, 2003, Lincoln Water System had investments as follows:

	<u>Category</u>	Reported	Fair
	3	Amount	Value
Government Agencies	\$ 20,130,208	20,130,208	20,132,503
Government Securities	3,392,370	3,392,370	3,392,370
	\$ <u>23,522,578</u>	23,522,578	23,524,873
Pooled Investment Funds			
(internal and external)		1,553,051	1,553,051
		\$ <u>25,075,629</u>	<u>25,077,924</u>

Community Health Permanent Endowment

At August 31, 2003, Community Health Permanent Endowment had investments as follows:

	Cate	gory	Reported	Fair
	1	3	Amount	Value
Government Agencies	\$ 11,124,526	579,603	11,704,129	11,773,546
Government Securities	3,663,978	6,413	3,670,391	3,670,391
Corporate Bonds	24,525,863	-	24,525,863	24,525,863
Foreign Obligations	1,084,428	<u>-</u>	1,084,428	1,084,428
	\$ <u>40,398,795</u>	586,016	40,984,811	41,054,228
Securities Lending Short-term				
Investment Pool			7,414,973	7,414,973
Pooled Investment Funds				
(internal and external)			2,940,313	2,940,313
			\$ <u>51,340,097</u>	51,409,514

All Other City Funds

Investments of all other City funds do not vary significantly in either type or risk. These investments at August 31, 2003, were as follows:

	Category			Reported	Fair
	_	2	3	Amount	Value
Government Agencies	\$	2,017,653	111,004,710	113,022,363	113,034,763
Government Securities		31,294	1,177,162	1,208,456	1,208,456
Corporate Bonds	_	90,020		90,020	90,020
	\$_	2,138,967	112,181,872	114,320,839	114,333,239
Equity Securities				289,129	289,129
Pooled Investment Funds					
(internal and external)				9,559,030	9,559,030
Interfund Investments				704,079	704,079
				\$ <u>124,873,077</u>	124,885,477

Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of August 31, 2003:

Investments Certificates of Deposit Money Market Accounts Bank Accounts and Cash on Hand	Totals \$ 526,428,846 16,000,000 7,000,000 4,848,726 \$ 554,277,572			
	(Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Totals
Cash and Cash Equivalents Investments Invested Securities Lending Restricted Assets:	\$	40,021,029 138,058,858 7,414,973	3,802,292 137,585,246	43,823,321 275,644,104 7,414,973
Cash and Cash Equivalents Investments	\$ -	763,280 226,631,894 412,890,034	141,387,538	763,280 226,631,894 554,277,572

There were no investments that resulted in significantly greater custodial credit risk held during the fiscal year ended August 31, 2003, than those held at year end.

The City's Pension Trust Fund invests in collateralized mortgage obligations to maximize investment earnings. These securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The policies of the Community Health Endowment (CHE) Board of Trustees authorize the CHE fund to participate in securities lending transactions, where securities are loaned to brokers and broker dealers with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank administers the securities lending program and receives cash at least equal in value to the fair value of the loaned securities as collateral for securities of the type on loan at year-end. Securities lent at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial risk. At year-end, CHE has no credit risk exposure to borrowers because the amounts CHE owes the borrowers exceed the amounts the borrowers owe CHE. The cash cannot be spent by CHE unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year.

Either CHE or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had an average duration of 44 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Loss indemnification is provided to the Fund by the contract with the custodian.

(5) <u>RECEIVABLES</u>

Receivables at August 31, 2003, consist of the following (in thousands):

					Special A	ssessment	Accrued	Gross	Allowance For	
Fund		Taxes	Accounts	Contributions	Current	Deferred	Interest	Receivables	Uncollectibles	Net
General	\$	2,739	1,019	-	-	-	100	3,858	-	3,858
Street Construction		-	2,928	-	-	-	83	3,011	-	3,011
Federal Grants		-	-	-	-	-	3	3	-	3
Community Health										
Endowment		-	-	-	-	-	4	4	-	4
Wastewater System		-	2,685	-	-	-	143	2,828	-	2,828
Water System		-	5,890	-	-	-	108	5,998	-	5,998
Electric System		-	15,860	-	-	-	562	16,422	-	16,422
Nonmajor -										
Special Revenue		1,258	468	-	-	-	75	1,801	-	1,801
Debt Service		905	-	-	508	3,295	74	4,782	285	4,497
Capital Projects		-	-	-	-	-	91	91	-	91
Enterprise		-	3,220	-	-	-	91	3,311	1,067	2,244
Internal Service		-	741	-	-	-	65	806	-	806
Fiduciary			43	219			490	752		752
	\$_	4,902	32,854	219	508	3,295	1,889	43,667	1,352	42,315

Enterprise funds customer accounts receivable include unbilled charges for services.

Delinquent special assessment receivables at August 31, 2003, were \$237,928.

No other receivables are expected to be uncollected within one year.

(6) **DUE FROM OTHER GOVERNMENTS**

The total of Due From Other Governments of \$20,653,313 includes the following significant items:

<u>Fund/Fund Type</u> General/General	<u>Amount</u> \$ 8,944,272	Service State of Nebraska, July/August Sales and Use Tax
	368,064	August Motor Vehicle Taxes Collected by Lancaster County
	79,907	Lancaster County, Cost Reimbursements
Street Construction/Special Revenue	2,818,407	State of Nebraska, July/August Highway User Fees
	4,440,047	Federal Government, Cost Reimbursements
Federal Grants/Special Revenue	2,256,613	Federal Government, Cost Reimbursements
Lincoln Area Agency on Aging/Special Revenue	93,150	Federal Government, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	359,937	Lancaster County, Cost Reimbursements
Snow Removal/Special Revenue	92,600	August Motor Vehicle Taxes Collected by Lancaster County
Antelope Valley/Debt Service	166,167	State of Nebraska, July/August Development Fund disbursements
Vehicle Tax/Capital Projects	629,708	August Motor Vehicle Taxes Collected by Lancaster County
Information Services/Internal Service	227,965	Lancaster County Billings
Engineering Revolving/Internal Service	33,159	Railroad Transportation Safety District, Project Cost
Subtotal	20,509,996	Reimbursements
All other	143,317	
Total Due From Other Governments	\$ 20,653,313	

(7) <u>CAPITAL ASSETS</u>

Capital asset activity for the year ended August 31, 2003, was as follows:

		Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities: Capital Assets, not being Depreciated:		Buranees	mercuses	Decreases	Bulances
Land	\$	37,810,841	2,907,018	210,960	40,506,899
Construction in Progress	_	59,562,688	10,604,610	389,322	69,777,976
Total Capital Assets, not being Depreciated	_	97,373,529	13,511,628	600,282	110,284,875
Capital Assets, being Depreciated:					
Buildings		61,658,948	948,646	913,318	61,694,276
Improvements Other Than Buildings		46,532,393	841,190	22,731	47,350,852
Machinery and Equipment		62,615,359	4,694,235	4,271,220	63,038,374
Infrastructure		253,608,073	29,241,713	<u> </u>	282,849,786
Total Capital Assets, being Depreciated		424,414,773	35,725,784	5,207,269	454,933,288
Lass Assumulated Damesistian for					
Less Accumulated Depreciation for: Buildings		19,641,887	1,565,916	598,177	20,609,626
Improvements Other Than Buildings		14,565,132	1,522,900	22,731	16,065,301
Machinery and Equipment		32,657,136	5,476,010	4,074,887	34,058,259
Infrastructure		82,143,681	8,919,541	-	91,063,222
Total Accumulated Depreciation		149,007,836	17,484,367	4,695,795	161,796,408
Total Capital Assets, being Depreciated, Net	_	275,406,937	18,241,417	511,474	293,136,880
Governmental Activities Capital Assets, Net	\$_	372,780,466	31,753,045	1,111,756	403,421,755
		Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:					
Capital Assets, not being Depreciated:			404.40		
Land	\$	14,185,253	186,697	- 40 412 722	14,371,950
Construction in Progress Total Capital Assets, not being Depreciated	_	85,671,929 99,857,182	121,080,968 121,267,665	42,413,733 42,413,733	164,339,164 178,711,114
Total Capital Assets, not being Depreciated	_	99,037,102	121,207,003	42,413,733	1/0,/11,114
Capital Assets, being Depreciated:					
Buildings		172,546,376	7,071,961	-	179,618,337
Improvements Other Than Buildings		305,386,608	13,744,043	7,401	319,123,250
Machinery and Equipment		23,908,765	1,561,672	391,680	25,078,757
Utility Plant	_	628,316,000	28,822,000	3,011,000	654,127,000
Total Capital Assets, being Depreciated	_	1,130,157,749	51,199,676	3,410,081	1,177,947,344
Less Accumulated Depreciation for:					
Buildings		49,479,668	3,808,479	-	53,288,147
Improvements Other Than Buildings		80,185,539	7,124,295	7,401	87,302,433
Machinery and Equipment		13,176,964	1,808,292	369,266	14,615,990
Utility Plant	_	232,069,000	20,088,000	3,805,000	248,352,000
Total Accumulated Depreciation	_	374,911,171	32,829,066	4,181,667	403,558,570
Total Capital Assets, being Depreciated, Net	_	755,246,578	18,370,610	(771,586)	774,388,774
Business-type Activities Capital Assets, Net	\$_	855,103,760	139,638,275	41,642,147	953,099,888

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		
General Government	\$	800,929
Public Safety		1,323,532
Streets and Highways, including Infrastructure		8,620,395
Culture and Recreation		3,250,089
Economic Opportunity		55,138
Health and Welfare		137,922
Mass Transit		1,140,139
Internal Service Funds Capital Assets		
Depreciation is charged to the various		
functions based on usage of the assets.		2,156,223
Total Depreciation Expense - Governmental	\$	17,484,367
	-	
Business-type Activities:		
Parking Lots	\$	21,881
Golf		532,063
Parking Facilities		1,028,433
Pershing Municipal Auditorium		152,576
Sanitary Landfill		1,315,319
Emergency Medical Services		176,113
Wastewater System		4,118,681
Water System		5,396,000
Lincoln Electric System	_	20,088,000
Total Depreciation Expense - Business-type	\$	32,829,066
	=	

Capital asset activity of each major fund was as follows:

		Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Wastewater System:	_	Datances	Increases	Decreases	Datances
Capital Assets, not being Depreciated:					
Land	\$	2,138,362	141,802	_	2,280,164
Construction in Progress	Ψ	14,177,593	13,389,134	2,976,039	24,590,688
e e	_				
Total Capital Assets, not being Depreciated	_	16,315,955	13,530,936	2,976,039	26,870,852
Capital Assets, being Depreciated:					
Buildings		36,948,285	652,034	_	37,600,319
Improvements Other Than Buildings		114,131,419	6,292,650	-	120,424,069
Machinery and Equipment		7,988,285	753,771	103,350	8,638,706
Total Capital Assets, being Depreciated		159,067,989	7,698,455	103,350	166,663,094
T 4 1.15					
Less Accumulated Depreciation for:					
Buildings		15,820,738	1,000,251	-	16,820,989
Improvements Other Than Buildings		33,613,288	2,660,022	-	36,273,310
Machinery and Equipment		4,488,022	458,408	89,955	4,856,475
Total Accumulated Depreciation	_	53,922,048	4,118,681	89,955	57,950,774
Total Capital Assets, being Depreciated, Net	_	105,145,941	3,579,774	13,395	108,712,320
Wastewater System Capital Assets, Net	\$_	121,461,896	17,110,710	2,989,434	135,583,172

		Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Water System:		Daranees	mercases	Decreases	Datances
Capital Assets, not being Depreciated:					
Land	\$	4,386,767	44.895	_	4,431,662
Construction in Progress		12,626,211	7,600,412	9,525,091	10,701,532
Total Capital Assets, not being Depreciated		17,012,978	7,645,307	9,525,091	15,133,194
Capital Assets, being Depreciated:					
Buildings		87,276,794	5,660,848	-	92,937,642
Improvements Other Than Buildings		169,366,277	7,087,793	-	176,454,070
Machinery and Equipment		6,742,019	231,963	62,217	6,911,765
Total Capital Assets, being Depreciated	_	263,385,090	12,980,604	62,217	276,303,477
Less Accumulated Depreciation for:					
Buildings		20,280,489	1,603,112	_	21,883,601
Improvements Other Than Buildings		39,475,988	3,428,915	_	42,904,903
Machinery and Equipment		4,405,189	363,973	53,934	4,715,228
Total Accumulated Depreciation	_	64,161,666	5,396,000	53,934	69,503,732
•					
Total Capital Assets, being Depreciated, Net	_	199,223,424	7,584,604	8,283	206,799,745
Water System Capital Assets, Net	\$	216,236,402	15,229,911	9,533,374	221,932,939
	=				
		Beginning			Ending
		Balances	Increases	Decreases	Balances
Lincoln Electric System:		_			
Capital Assets, not being Depreciated:					
Construction in Progress	\$	58,567,000	98,117,000	29,616,000	127,068,000
Capital Assets, being Depreciated:					
Utility Plant		628,316,000	28,822,000	3,011,000	654,127,000
Less Accumulated Depreciation	_	232,069,000	20,088,000	3,805,000	248,352,000
Total Capital Assets, being Depreciated, Net	_	396,247,000	8,734,000	(794,000)	405,775,000
Electric System Capital Assets, Net	\$_	454,814,000	106,851,000	28,822,000	532,843,000

During 2003, Lincoln Wastewater System incurred \$435,730 of interest cost which was capitalized into construction in progress. Lincoln Water System incurred \$2,771,148 of interest cost, of which \$696,529 was capitalized into construction in progress. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Lincoln Electric System utility plant includes an allowance for funds used during construction of projects costing in excess of \$2 million. The allowance for funds used during construction consists of interest costs on proceeds of commercial paper notes/bonds, less net earnings on proceeds temporarily invested. The weighted-average rate for 2002 was 4.9%.

(8) PROPERTY TAXES

The Home Rule Charter of the City imposes a tax ceiling for general revenue purposes. The City tax ceiling was established by using the September 1, 1966, City dollar tax limit as an initial tax limit, and increasing that tax limit each year following 1966 by 7% so that in each fiscal year thereafter the amount of the City tax limit shall be the amount of the City tax limit for the previous year plus 7% thereof. In addition, the City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within 6 months thereafter, as well as taxes authorized by state law. The 2002 tax levy, for the 2002-2003 fiscal year, was \$48,669,563 below the legal limit, with a tax rate per \$100 valuation of 0.31452. The assessed value upon which the 2002 levy was based was \$11,130,588,167.

The tax levies for all political subdivisions in Lancaster County are certified by the County Board on or before October 15th. Real estate taxes are due on December 31st and attach as an enforceable lien on property on January 1st following the levy date and become delinquent in two equal installments on April 1st and August 1st. Personal property taxes are due December 31st and become delinquent on April 1st and August 1st following the levy date. Delinquent taxes bear 14% interest.

Property taxes levied for 2002-2003 are recorded as revenue when expected to be collected within 60 days after August 31, 2003. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric utility is required by City Charter to make payments in lieu of taxes, aggregating 5% of its gross retail operating revenues derived from within the city limits of incorporated cities and towns served.

(9) LONG-TERM DEBT

The City issues general obligation, special assessment, and revenue bonds to finance the acquisition and construction of major capital assets. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Special assessment bonds are repaid from amounts levied against affected property owners, but in the unlikely event collections are not sufficient to make debt payments, the responsibility rests with the City to meet that obligation. For revenue bonds the government pledges income derived from the acquired or constructed assets to pay the debt service.

Net assets of \$6,162,316, \$3,028,825, \$4,045,517, and \$5,968,717 are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, Tax Allocation Bonds, and Special Assessment Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

The City has entered into lease agreements for financing the acquisition of land, buildings, emergency ambulances and defibrillators, and computer equipment and software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

	_	Governmental Activities	_	Business-Type Activities
Land	\$	42,000	\$	210,000
Buildings		2,185,750		-
Machinery and Equipment		206,597		1,748,261
Less Accumulated Depreciation,				
(where applicable)	_	(546,057)	_	(472,980)
Total	\$_	1,888,290	\$	1,485,281

Under the City's Home Rule Charter, there is no legal debt limit. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various bond reserve funds, and minimum revenue bond coverages.

On October 1, 2002, LES issued \$148.2 million in electric revenue and refunding bonds with interest rates ranging from 4% to 5% and have annual maturities of \$3.7 million to \$13.5 million due from 2004 to 2025. These bonds were issued to advance refund \$136.3 million in outstanding 1993 Series bonds with an average interest rate of 5.2% and to pay down \$20 million in outstanding commercial paper notes with an average interest rate of 2%. LES advance refunded a portion of the 1993 bonds and paid down the commercial paper notes to restructure its debt and to provide for flexible covenants and business operations. The refunding resulted in an economic gain of \$9.7 million, and an accounting loss of approximately \$22 million, which is deferred and is being amortized through 2015, the period over which LES expects to recover the costs. The net proceeds of \$141.8 million plus an additional \$9.5 million of the 1993 series reserve fund were used to purchase U.S. government securities and money market funds and were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 bonds. As a result, the defeased portion of the 1993 bonds have been removed from the financial statements.

In prior years, the City defeased certain bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On August 31, 2003, the following bonds outstanding are considered defeased:

Revenue Bonds:

 08/15/80
 Lincoln Wastewater
 \$ 5,000

 Various
 Lincoln Electric
 136,300,000

LES issued short-term taxable commercial paper notes dated August 15, 2001 to refund \$35.510 million in outstanding 1992 Series bonds. The notes matured in June 2002, and had an interest rate of 1.9% at the time of maturity.

In July 2003, the Lincoln Wastewater System issued \$55,000,000 in revenue bonds to pay off \$4,560,066 of outstanding 5% debt, resulting in an economic gain of \$329,680. The revenue bonds also provided approximately \$48,000,000 of additional funds to be used for construction costs.

In August 2003, The Lincoln Water System issued \$32,180,000 in Water Revenue Refunding Bonds at an interest rate of 5% to refund \$37,810,000 of bonds with interest rates ranging from 4.8% to 5.3%. The City completed the advance refunding to reduce its total debt service payments over the next 25 years by \$2,620,000 to obtain an economic gain of \$1,346,358.

In June 2003, the City issued \$19,305,000 in General Obligation Various Purpose Bonds at interest rates ranging from 2.625% to 4.125% to refund \$9,419,000 in various outstanding general obligation bonds with interest rates averaging from 4.4% to 5.5%. The refunding resulted in a cash flow differential of \$1,368,752 and an economic gain of \$947,337. The bonds also provided approximately \$10,000,000 of additional funds to be used for construction and improvements to the City's storm sewer and drainage system.

Established by City Ordinance, LES may borrow up to \$125 million under a commercial paper note program. At December 31, 2002, LES had \$90.2 million of tax-exempt commercial paper notes outstanding. The notes mature at various dates but not more than 270 days after the date of issuance. The weighted-average interest rate for the year ended December 31, 2002, was 1.4 percent. The annual requirement to pay interest on this outstanding debt is approximately \$1,263,000. The outstanding commercial paper notes are secured by a revolving credit agreement which provides for borrowings up to \$125 million. LES pays a commitment fee for the credit agreement. Under the terms of the agreement LES refinances the commercial paper upon maturity.

Long-term bonded debt of the City is comprised of the following individual issues (in thousands of dollars):

Concern Objective Conc	Original Amount	Issued	Issue	Interest Rate	When Due	Date Callable	Interest Date	(Outstanding
Repeated Designation of Manage of Marcian Designation Office of Marcian Designation Office Designation Office O				Kate	WHEH Duc	Canabic	Date	_	Juistanunig
		_	us.						
14.45 03.01/99 Various Purpose Series A 3.000 - 4.00 4.009 0 7.36 7.365 7.3			Storm Sewer and Drainage	4 500 - 5 125	Ser '99 to '17	2005	Semiannually	\$	7 065
7.365 3.01.099 Various Purpose Series A 4.750 Term '15 to '9 2007 5.240 7.500 05.2902 Sterm Sewer and Drainage 3.000 - 3.000 Ser. '04 to '12 2.010 7.500 7.500 05.2902 Sterm Sewer and Drainage 2.62 - 3.750 Ser. '04 to '17 2.013 5.750 8.701 06.24/03 Various Purpose 4.000 - 4.125 Term '18 to '23 2013 5.750 8.701 06.24/03 Various Purpose 4.000 - 4.125 Term '18 to '23 2013 5.750 8.701 Total General Bonds 8.702 06.13.00 Municipal Infrastructure Redevelopment Bonds:			_					Ψ	
8.2.9 03.01.99 Various Purpose Series B 3.000 - 4.509 Ser. 99 to 11 2007 " 5.240 7.509 65.24002 Storps Seever and Drainage 4.000 - 4.125 Tern "18 to 2 2010 " 7.500 3.710 605.4003 Various Purpose 2.623 - 3.790 Ser. '04 to '17 2013 " 3.710 Autria General Boods Warriage Review Revenue Series A 4.000 - 4.125 Tern "18 to 2 2013 " 3.720 Autriage Revenue Series B Autriage Revenue Revelopment Boods Autriage Revenue			-				"		
7.50 05.2902 Storm Sever and Drinaige 3.000 - 5.000 Ser. '04 to '12 2.010 " 5.750 5.055 3.710 06.2403 Various Purpose 4.000 - 4.125 Term '18 to '23 2013 " 5.7565 5.7655 5			•				"		
15.595 06.74 was a various Purpose 2.63 + 3.796 Ner. '04 to '17 2013 " 3.710							"		
Multicipal Tristructure Vertevelopment Bonds			_				"		
Municage Facility Municage			_				"		
Tax Allocation Bonds	3,710		-	4.000 - 4.123	161111 16 to 23	2013		\$	
Tax Allocation Bonds	Municinal	Infrastructu	re Redevelonment Bonds:						
1.310	-		•	4.750 - 5.100	Ser. '01 to '09	2005	Semiannually	\$	2,395
1.310	Toy Allogs	ation Donder							
11/15/92			Ton Alleredian Danda	2.250 (.200	G 102 t- 106	1007	C : 11	ď	225
10								Э	
10									
17									
1,200 05/1010 Tax Allocation & Refunding Bonds 3,450 - 3,750 Ser. '01 to '04 2003 " 5,75 42 0,601/03 Tax Allocation Bonds 4,060 Ser. '04 to '11 Anytime " 4,2 5,61,554 3,751 3,7						-			
142 06011/03 Tax Allocation Bonds 4.060 Ser. '04 to '11 Anytime 4.2 5.1.294 Total Tax Allocation Bonds 5.000 Ser. '04 to '11 Anytime 4.2 5.1.294 Total Tax Allocation Bonds 5.000 Ser. '09 to '04 1996 Semiannually 5.205 TOTAL GENERAL OBLIGATION BONDS 5.000 Ser. '02 to '16 2012 Semiannually 5.205 TOTAL GENERAL OBLIGATION BONDS 5.000 Ser. '02 to '16 2012 Semiannually 5.10,810 Total Tax Supported Revenue Bonds 11,2202 Antelope Valley Project 1.500 - 5.000 Ser. '02 to '16 2012 Semiannually 5.10,810 Total Tax Water Pounds 5.000 Term '18 to '22 2012 " 6.660 32,180 05/2002 Water Revenue 5.000 Ser. '04 to '12 - " 3.2,180 Total Water Bonds 5.000 Ser. '04 to '12 - " 3.2,180 Total Water Bonds 5.000 Ser. '04 to '12 - " 3.2,180 Total Water Bonds 5.000 Ser. '04 to '12 2013 Semiannually 5.15,765 39,235 08/01/03 Wastewater Revenue 4.625 - 5.000 Ser. '04 to '12 2013 Semiannually 5.50,000 15,765 08/01/03 Wastewater Revenue 4.625 - 5.000 Ser. '04 to '12 2013 Semiannually 5.50,000 16,815 09/08/99 Parking Revenue Series A 4.000 - 5.000 Ser. '00 to '09 2009 Semiannually 5.5,000 16,815 09/08/99 Parking Revenue Series A 5.375 Term '10 to '14 2009 " 6.695 18,4650 07/01/93 Electric Refunding '93 Series A 4.000 - 5.000 Ser. '00 to '04 Anytime " 6.695 Total Parking Bonds 5.250 Term '12 to '15 2003 " 6.955 Total Parking Bonds 5.250 Term '12 to '15 2003 " 6.955 Total Parking Revenue Series A 5.250 Term '12 to '15 2003 " 6.955 Total Parking Revenue Series A 4.000 - 5.000 Ser. '00 to '04 Anytime " 6.695 Total Parking Revenue Series A 5.250 Term '12 to '15 2003 " 6.955 Total Parking Revenue Series A 5.250 Term '12 to '15 2003 " 6.955 Total Parking Revenue Series A 4.000 - 5.000 Ser. '00 to '04 Anytime " 6.955 Total Parking Reve									
Total Tax Allocation Bonds	,		=						
Special Number Special Assessment Revolving Sp00 - 6.850 Ser. '90 to '04 196 Semiannually Sp05 Sp05 Sp05 Semiannually Sp05 Sp05 Sp05 Semiannually Sp05 Sp05 Sp05 S	42			4.060	Ser. '04 to '11	Anytime	"		
Special Assessment Bords									
TOTAL GENERAL OBLIGATION BONDS								Ψ_	01,554
TOTAL GENERAL OBLIGATION BONDS Tax-Supported Revenue Bonds: 11,080 2/27/02 Antelope Valley Project 1.500 - 5.000 Ser. '02 to '16 2012 Semiannually \$ 10,810	-								
Tax-Supported Revenue Bonds: 11,080 2/27/02 Antelope Valley Project 1.500 - 5.000 Ser. '02 to '16 2012 Semiannually \$ 10,810 Revenue Bonds: 11,850 11/22/02 Water Revenue 2.750 - 5.000 Ser. '05 to '17 2012 Semiannually \$ 11,850 6,660 11/22/02 Water Revenue 5.000 Term '18 to '22 2012 " 6,660 32,180 05/20/02 Water Revenue 5.000 Ser. '04 to '12 - " 32,180 Total Water Bonds 15,765 08/01/03 Wastewater Revenue 2.000 - 5.000 Ser. '04 to '23 2013 Semiannually \$ 15,765 39,235 08/01/03 Wastewater Revenue 4.625 - 5.000 Term '24 to '28 2013 " 39,235 30,000 12 / 10 / 10 / 10 / 10 / 10 / 10 / 10 /	3,860	11/15/89	Special Assessment Revolving	5.900 - 6.850	Ser. '90 to '04	1996	Semiannually	\$	205
Revenue Bords:		TOTAL GE	NERAL OBLIGATION BONDS					\$	61,759
Revenue Bords	Tax-Suppo	orted Revenu	e Bonds:						
11,850 11/22/02 Water Revenue 2.750 - 5.000 Ser. '05 to '17 2012 Semiannually \$ 11,850 6,660 11/22/02 Water Revenue 5.000 Term '18 to '22 2012 " 6,660 32,180 05/20/02 Water Revenue 5.000 Ser. '04 to '12 - " 32,180 \$ 50,690 \$ 50,000 \$ Ser. '04 to '12 - " 32,180 \$ 50,690 \$ \$ 50,690 \$ \$ \$ 50,690 \$ \$ \$ 50,690 \$ \$ \$ \$ 50,690 \$ \$ \$ \$ 50,690 \$ \$ \$ \$ 50,000 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	11,080	2/27/02	Antelope Valley Project	1.500 - 5.000	Ser. '02 to '16	2012	Semiannually	\$	10,810
1/22/02 Water Revenue 5.000 Term '18 to '22 2012 " 6,660 32,180 05/20/02 Water Revenue 5.000 Ser. '04 to '12 - " 32,180 32,180 Total Water Bonds Ser. '04 to '12 - " 32,180 Ser. '04 to '12 Ser. '04 to '14 Ser. '04 Ser. '04 to '14 Ser. '05 Ser. '05 to '15 Ser. '05 t	Revenue B	Bonds:							
6,660 11/22/02 Water Revenue 5.000 Term '18 to '22 2012 " 6,660 32,180 05/20/02 Water Revenue 5.000 Ser. '04 to '12 - " 32,180 \$ \$ \$ \$ \$ \$ \$ \$ \$	11,850	11/22/02	Water Revenue	2.750 - 5.000	Ser. '05 to '17	2012	Semiannually	\$	11,850
32,180									
Total Water Bonds \$ 50,690							"		
39,235 08/01/03 Wastewater Revenue 4.625 - 5.000 Term '24 to '28 2013 " 33,235 55,000	32,100			5.000	501. 0.10 12			\$	
39,235 08/01/03 Wastewater Revenue 4.625 - 5.000 Term '24 to '28 2013 " 33,235 55,000	15 765	08/01/03	Wastewater Revenue	2 000 - 5 000	Ser '04 to '23	2013	Semiannually	\$	15 765
Total Wastewater Bonds \$ 55,000							"	Ψ	
6,695 09/08/99 Parking Revenue Series A 5.375 Term '10 to '14 2009 " 6,695 2,125 09/08/99 Parking Revenue Series B 6.250 Ser. '00 to '04 Anytime " 485 6,000 12/05/01 Parking Revenue 3.750 - 5.125 Ser. '02 to '21 2011 " 5,505 Total Parking Bonds \$ 18,185 3,165 10/23/01 Golf Course Revenue Refunding 2.300 - 4.050 Ser. '02 to '11 2008 Semiannually \$ 2,580 184,650 07/01/93 Electric Refunding '93 Series A 4.700 - 5.400 Ser. '94 to '11 2003 Semiannually \$ 32,770 62,005 07/01/93 Electric Refunding '93 Series A 5.250 Term '12 to '15 2003 " 12,530 45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 148,190	39,233			4.023 - 3.000	Term 24 to 28	2013		\$	
6,695 09/08/99 Parking Revenue Series A 5.375 Term '10 to '14 2009 " 6,695 2,125 09/08/99 Parking Revenue Series B 6.250 Ser. '00 to '04 Anytime " 485 6,000 12/05/01 Parking Revenue 3.750 - 5.125 Ser. '02 to '21 2011 " 5,505 Total Parking Bonds 3,165 10/23/01 Golf Course Revenue Refunding 2.300 - 4.050 Ser. '02 to '11 2008 Semiannually \$ 2,580 184,650 07/01/93 Electric Refunding '93 Series A 4.700 - 5.400 Ser. '94 to '11 2003 Semiannually \$ 32,770 62,005 07/01/93 Electric Refunding '93 Series A 5.250 Term '12 to '15 2003 " 12,530 45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 148,190	6.015	00/00/00	Prodeine Pressure Caries A	4,000 5,000	G 100 t 100	2000	C	¢	5 500
2,125 09/08/99 Parking Revenue Series B 6.250 Ser. '00 to '04 Anytime " 485 6.000 12/05/01 Parking Revenue Series B 6.250 Ser. '00 to '04 Anytime " 5.505 Total Parking Bonds								Ф	
6,000 12/05/01 Parking Revenue 3.750 - 5.125 Ser.'02 to '21 2011 " 5.505 Ser.'02 to '21 2012 " 5.505 Ser.'03 to '20 2011 " 5.505 Ser.'04 to '25 2012 " 5.505 Ser.'04 to '2			S						
Total Parking Bonds 3,165 10/23/01 Golf Course Revenue Refunding 2.300 - 4.050 Ser. '02 to '11 2008 Semiannually \$ 2,580 184,650 07/01/93 Electric Refunding '93 Series A 4.700 - 5.400 Ser. '94 to '11 2003 Semiannually \$ 32,770 62,005 07/01/93 Electric Refunding '93 Series A 5.250 Term '12 to '15 2003 " 12,530 45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds Semiannually \$ 32,770 Ser. '02 to '11 2008 Semiannually \$ 32,770 Ser. '04 to '15 2003 " 12,530 Semiannually \$ 32,770 Ser. '04 to '15 2003 " 12,530 Semiannually \$ 32,770 Ser. '04 to '15 2003 " 141,150 Ser. '04 to '25 2012 " 148,190			=			-			
3,165 10/23/01 Golf Course Revenue Refunding 2.300 - 4.050 Ser. '02 to '11 2008 Semiannually \$ 2,580 184,650 07/01/93 Electric Refunding '93 Series A 4.700 - 5.400 Ser. '94 to '11 2003 Semiannually \$ 32,770 62,005 07/01/93 Electric Refunding '93 Series A 5.250 Term '12 to '15 2003 " 12,530 45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds	6,000		_	3.750 - 5.125	Ser.'02 to '21	2011	"	_	
184,650 07/01/93 Electric Refunding '93 Series A 4.700 - 5.400 Ser. '94 to '11 2003 Semiannually \$ 32,770 62,005 07/01/93 Electric Refunding '93 Series A 5.250 Term '12 to '15 2003 " 12,530 45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds		Total Parkin	g Bonds					_\$_	18,185
62,005 07/01/93 Electric Refunding '93 Series A 5.250 Term '12 to '15 2003 " 12,530 45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds	3,165	10/23/01	Golf Course Revenue Refunding	2.300 - 4.050	Ser. '02 to '11	2008	Semiannually	\$	2,580
45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds		07/01/93	Electric Refunding '93 Series A	4.700 - 5.400	Ser. '94 to '11	2003	Semiannually	\$	32,770
45,560 02/15/98 Electric Revenue Bonds '98 Series A 4.500 - 5.000 Ser. '98 to '18 2008 " 38,225 141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds	62,005	07/01/93	Electric Refunding '93 Series A	5.250	Term '12 to '15	2003	"		12,530
141,150 08/15/01 Electric Revenue Bonds '01 4.000 - 5.250 Ser. '06 to '20 2011 " 141,150 148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds		02/15/98	Electric Revenue Bonds '98 Series A	4.500 - 5.000	Ser. '98 to '18	2008	"		38,225
148,190 10/01/02 Electric Revenue Bonds '02 4.000 - 5.000 Ser. '04 to '25 2012 " 148,190 Total Electric Bonds " 372,865	141,150		Electric Revenue Bonds '01		Ser. '06 to '20		"		
Total Electric Bonds \$ 372,865			Electric Revenue Bonds '02		Ser. '04 to '25		"		
TOTAL REVENUE BONDS \$ 499,320			c Bonds					\$	372,865
		TOTAL RE	VENUE BONDS					\$	499,320

Annual requirements to pay principal and interest to maturity on outstanding debt follows (in thousands of dollars):

Fiscal	Governmental Activities								
Year Ended		General Obli	gation Bonds	Special Assessment Bonds		Tax-Supported I	Revenue Bonds	Capital Leases	
August 31		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$	4,114	2,447	105	10	555	436	165	66
2005		4,526	2,335	100	3	565	423	147	61
2006		4,330	2,173	-	-	580	409	143	56
2007		4,000	2,014	-	-	595	391	105	52
2008		3,992	1,864	-	-	615	372	112	49
2009 - 2013		17,252	7,095	-	-	3,430	1,484	612	175
2014 - 2018		15,905	3,745	-	-	4,470	535	266	69
2019 - 2023	_	7,435	820					130	3
	\$	61,554	22,493	205	13	10,810	4,050	1,680	531

Fiscal	_	Business-Type Activities						
Year Ended		Revenu	e Bonds	Capital	Leases			
August 31		Principal	Interest	Principal	Interest			
2004	\$	18,750	23,447	300	53			
2005		19,375	23,517	310	40			
2006		20,145	22,705	320	28			
2007		21,050	21,852	207	14			
2008		22,010	20,878	212	5			
2009 - 2013		120,475	87,503	-	-			
2014 - 2018		137,740	56,867	-	-			
2019 - 2023		111,205	20,191	-	-			
2024 - 2028		28,570	3,706					
	\$	499,320	280,666	1,349	140			

Major fund annual requirements to pay principal and interest to maturity on outstanding debt follows (in thousands of dollars):

Fiscal	_			Majo	or Funds			
Year Ended		Wastewat	er System	Water S	Water System		Electric System	
August 31		Principal	Interest	Principal	Interest	Principal	Interest	
2004	\$	1,750	2,135	3,115	2,412	12,450	17,902	
2005		1,500	2,404	4,000	2,256	12,440	17,924	
2006		1,520	2,358	4,175	2,072	12,960	17,399	
2007		1,545	2,313	4,365	1,879	13,585	16,849	
2008		1,580	2,274	4,560	1,672	14,240	16,190	
2009 - 2013		8,585	10,544	19,525	4,999	83,745	69,478	
2014 - 2018		10,200	8,539	5,495	2,204	118,705	45,450	
2019 - 2023		12,555	5,771	5,455	698	91,935	13,590	
2024 - 2028		15,765	2,404			12,805	1,302	
	\$	55,000	38,742	50,690	18,192	372,865	216,084	

Long-term liability activity for the year ended August 31, 2003, was as follows (in thousands of dollars):

		09/01/02 Beginning Balance	Additions	Reductions	08/31/03 Ending Balance	Due Within One Year
Governmental Activities:	_					
Bonds and Leases Payable:						
General Obligation Bonds	\$	52,157	19,305	(13,597)	57,865	3,215
Municipal Infrastructure						
Redevelopment Bonds		2,685	-	(290)	2,395	305
Tax Allocation Bonds		1,845	42	(593)	1,294	594
Special Assessment Debt with						
Government Commitment		310	-	(105)	205	105
Tax-Supported Antelope Valley						
Project Bonds		11,080	-	(270)	10,810	555
Capital Leases		1,818	785	(923)	1,680	165
Gross Bonds and Leases Payable	_	69,895	20,132	(15,778)	74,249	4,939
Deferred Amounts:						
For Issuance Premiums		144	248	(4)	388	-
For Issuance Discounts		(3)	-	-	(3)	-
Net Bonds and Leases Payable	_	70,036	20,380	(15,782)	74,634	4,939
Other Liabilities:						
Compensated Absences		6,888	5,181	(4,812)	7,257	5,149
Claims and Judgements		5,507	1,805	(2,168)	5,144	2,429
Net Pension Obligation		-	130	-	130	-
<u> </u>	_					
Governmental Activity Long-Term Liabilities	\$=	82,431	27,496	(22,762)	87,165	12,517
Business-Type Activities:						
Bonds, Notes and Leases Payable:						
Water Revenue Bonds	\$	37,810	50,690	(37,810)	50,690	3,115
Wastewater Revenue Project Loan	Ф	5,593	30,090	(5,593)	30,090	3,113
Wastwater Revenue Bonds		3,393	55,000	(3,393)	55,000	1,750
Parking Revenue Bonds		19,270	33,000	(1,085)	18,185	1,730
Golf Course Revenue Bonds		2,860	-	(280)	2,580	290
		371,035	148,190	(146,360)	372,865	12,450
Electric System Revenue Bonds			35,173		90,173	12,430
Commercial Paper Notes		75,000	33,173	(20,000)	*	200
Capital Leases	-	1,639	289,053	(290)	1,349 590,842	19,050
Gross Bonds, Notes and Leases Payable Deferred Amounts:		513,207	289,033	(211,418)	390,842	19,030
For Issuance Premiums		2 215	19,036	(562)	21.690	
		3,215	*	(562)	21,689	-
For Issuance Discounts		(17,842)	(11,115)	2,191	(26,766)	-
For Refunding	-	(45)	(1,221)	(200, 700)	(1,257)	10.050
Net Bonds, Notes and Leases Payable		498,535	295,753	(209,780)	584,508	19,050
Other Liabilities:		025	724	(660)	999	714
Compensated Absences	-	925	734	(660)	999	714
Business-Type Activity Long-Term Liabilities	\$=	499,460	296,487	(210,440)	585,507	19,764

Internal Service funds predominantly serve the governmental funds. Therefore, their long-term liabilities are included with the governmental activities above. Compensated absences for governmental activities are generally liquidated in the General Fund as well as various other Special Revenue and Internal Service funds where personal costs are incurred. The claims and judgements liability will generally be liquidated through the City's Insurance Revolving Internal Service Fund, which will finance the payment of those claims by charging other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds.

Long-term liability activity for the major funds for the year ended August 31, 2003, was as follows (in thousands of dollars):

		09/01/02 Beginning Balance	Additions	Reductions	08/31/03 Ending Balance	Due Within One Year
Lincoln Wastewater System:	_					
Loans Payable:						
Wastewater Revenue Project Loan	\$	5,593		(5,593)		
Bonds Payable:						
Wastwater Revenue Bonds		-	55,000	-	55,000	1,750
Deferred For Issuance Premiums	_		2,016	(7)	2,009	
Net Bonds Payable	_	-	57,016	(7)	57,009	1,750
Other Liabilities:						
Compensated Absences	_	302	241	(212)	331_	230
Total Long-Term Liabilities	\$=	5,895	57,257	(5,812)	57,340	1,980
Lincoln Water System: Bonds Payable: Water Revenue Bonds	\$	37,810	50,690	(37,810)	50,690	3,115
Deferred for Issuance Premiums		, -	2,463	(20)	2,443	-
Deferred for Issuance Discounts		(250)	, -	250	, -	-
Deferred for Refunding		` -	(1,221)	5	(1,216)	-
Net Bonds Payable	_	37,560	51,932	(37,575)	51,917	3,115
Other Liabilities:						
Compensated Absences		395	277	(242)	430	269
Total Long-Term Liabilities	\$=	37,955	52,209	(37,817)	52,347	3,384
Lincoln Electric System: Bonds and Notes Payable:						
Electric System Revenue Bonds	\$	371,035	148,190	(146,360)	372,865	12,450
Commercial Paper Notes		75,000	35,173	(20,000)	90,173	-
Deferred for Issuance Premiums		3,215	14,557	(535)	17,237	-
Deferred for Issuance Discounts	_	(17,592)	(11,115)	1,941	(26,766)	
Total Long-Term Liabilities	\$=	431,658	186,805	(164,954)	453,509	12,450

(10) FAIR VALUE OF FINANCIAL INSTRUMENTS

In the opinion of management, the carrying value of financial instruments, including commercial paper notes, of the City's utility proprietary funds (Lincoln Wastewater, Lincoln Water, and Lincoln Electric Systems) is presented in the City's financial statements at values which approximated fair value at August 31, 2003, (December 31, 2002 for Lincoln Electric System), with the exception of LES' long-term debt for which the estimated fair value is \$398,000,000.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(11) **SEGMENT INFORMATION**

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the Parks and Recreation and Public Works/Utilities Departments. The Golf Division of the Parks and Recreation Department operates the City's golf courses and is accounted for in the Golf Fund. The Parking Facilities Division of the Public Works/Utilities Department operates the City's downtown parking garages and is accounted for in the Parking Facilities Fund. Summary financial information as of and for the year ended August 31, 2003, for these two divisions is presented as follows:

	Golf	Parking Facilities
CONDENSED STATEMENT OF NET ASSETS		
Assets:		
Current Assets	\$ 188,088	2,772,307
Restricted Assets	505,393	3,346,810
Deferred Charges	62,685	530,361
Capital Assets	8,015,834	36,901,002
Total Assets	8,772,000	43,550,480
Liabilities:		
Current Liabilities	533,977	247,133
Due to Other Funds	7,209	1,411
Current Liabilities Payable from Restricted Assets	319,752	1,223,505
Noncurrent Liabilities	2,506,338	17,040,017
Total Liabilities	3,367,276	18,512,066
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,175,395	19,246,363
Restricted	475,640	3,268,304
Unrestricted	(246,311)	2,523,747
Total Net Assets	\$5,404,724	25,038,414
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS	A A C I A O O O O O O O O O O	
Operating Revenues	\$ 2,640,994	5,035,564
Depreciation Expense	(532,063)	(1,028,433)
Other Operating Expenses	(2,408,947)	(2,304,632)
Operating Income (Loss)	(300,016)	1,702,499
Nonoperating Revenues (Expenses):	7.550	117.676
Investment Earnings	7,558	117,676
Interest Expense and Fiscal Charges	(123,857)	(995,323)
Capital Contributions	134,363	- 0.42.222
Transfers	(201.052)	942,239
Change in Net Assets	(281,952)	1,767,091
Beginning Net Assets Ending Net Assets	5,686,676 \$ 5,404,724	23,271,323 25,038,414
Ending Net Assets	\$	23,038,414
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash Provided (Used) by:		
Operating Activitites	\$ 358,665	2,834,500
Noncapital Financing Activities	-	942,239
Capital and Related Financing Activities	(823,771)	(3,226,970)
Investing Activities	(320,129)	(2,160,835)
Net Increase (Decrease) in Cash	(785,235)	(1,611,066)
Beginning Balance	882,038	2,639,276
Ending Balance	\$96,803	1,028,210

(12) <u>DEFICIT NET ASSETS</u>

The following funds had a net asset or fund balance deficit as of August 31, 2003:

Major Governmental Federal Grants Fund	\$ (1,051,304)
Special Revenue 911 Communication Fund Impact Fees Fund	(82,616) (7,792)
Enterprise Emergency Medical Services Fund	(40,914)

Notes to the Financial Statements August 31, 2003

(13) EMPLOYEES' RETIREMENT PLANS

The employees of the City are covered by several retirement plans. The Police and Fire Department Plan (PFDP) is administered by the City and is included in the Fiduciary Fund type. PFDP recognizes plan member contributions in the period in which they are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All other plans are administered by outside trustees and are not included in the City's combined financial statements.

POLICE AND FIRE PENSION

<u>Plan Description</u> - PFDP is a single-employer defined benefit pension plan administered by the City of Lincoln. PFDP provides retirement, disability, and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries in accordance with the plan document. Article II Section 3 of the Lincoln Charter assigns the authority to establish and amend benefit provisions to the City Council. The City does not issue a separate report that includes financial statements and required supplementary information for PFDP.

The City has established the Deferred Retirement Option Plan (DROP) for police and fire pension members. The DROP program allows a member to retire for pension purposes, but to continue working. The member receives a paycheck and the member's monthly pension benefit is deposited into the member's DROP account. At the end of five years, or anytime before five years, the member must "retire-in-fact". Contributions to the pension are eliminated at the beginning of the DROP period. Pension benefits are set, and will not be increased because of raises, promotions, increased years of service or pension enhancements. When a member retires-in-fact, their monthly pension benefit will be paid directly to them and the member will have access to the funds in their DROP account.

Membership of the pension plan consisted of the following at August 31, 2003, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	309
Terminated plan members entitled to	
but not yet receiving benefits	31
Active plan members (non-DROP)	535
DROP members	57
Total	932
Number of participating employers	1

<u>Funding Policy</u> - The contribution requirements of plan members and the City are established by City Ordinance #15728 dated September 24, 1990, and may be amended by the City Council. Plan members are required to contribute between 7% and 8% of their annual covered salary based on an election made by the employee. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2003 was 7.54% of annual covered payroll. Actual contributions by the City were 6.71% of annual covered payroll. Administrative costs of PFDP are financed through investment earnings.

<u>Annual Pension Cost and Net Pension Obligation</u> – The City's annual pension cost and net pension obligation to PFDP for the current year were as follows:

(Dollar amounts in thousands)

Annual required contribution	\$ 2,234
Interest on net pension obligation	(28)
Adjustment to annual required contribution	 81
Annual pension cost	2,287
Contributions made	 1,783
Increase in net pension obligation	504
Net pension obligation (asset) beginning	 (374)
Net pension obligation ending	\$ 130

The annual required contribution for the current year was determined as part of the August 31, 2001, actuarial valuation using the entry age actuarial funding method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 5.0 –9.0% per year, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using a four year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over a period of five years.

Three-Year Trend Information (Dollar Amounts in Thousands)

Year	Annual	Annual	Percentage	Net
Ended	Pension	Pension	of APC	Pension
August 31	Cost (APC)	Contribution	Contributed	Obligation
2003	\$ 2,287	\$ 1,783	78 %	\$ 130
2002	1,989	1,585	80	(374)
2001	894	1,156	129	(777)

Required Supplementary Information (Unaudited)

Schedule of Funding Progress (Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
August 31, 2003	\$ 132,578	\$ 137,508	\$ 4,930	96.4 %	\$ 27,415	18.0 %
August 31, 2002	128,319	130,875	2,556	98.0	26,607	9.6
August 31, 2001	128,070	122,661	(5,409)	104.4	28,216	(19.2)
August 31, 2000	121,404	115,671	(5,733)	105.0	25,808	(22.2)
August 31, 1999	113,903	104,692	(9,211)	108.8	23,611	(39.0)
August 31, 1998	109,213	94,848	(14,365)	115.1	21,860	(65.7)

^{*} Non-DROP payroll in 2002 and later

Schedule of Employer Contributions (Dollar Amounts in Thousands)

Year Ended August 31	Annual Required Contribution	Annual Pension Contribution	Percentage Contributed
2003	\$ 2,234	\$ 1,783	80 %
2002	1,878	1,585	84
2001	821	1,156	141
2000	92	958	1041
1999	962	904	94
1998	531	504	95

ELECTRIC SYSTEM

The City owns and operates its own electric system which is included in the enterprise funds in the accompanying basic financial statements. The electric system is controlled and managed by an administrative board and is not supported by the City's general tax revenues. The electric system provides retirement benefits to its employees under its own separate plan, such benefits being funded

solely from revenues derived from the operation of the electric system. A summary of the electric system plan is as follows:

LES has a defined contribution retirement plan covering all employees upon employment; however, employees are not eligible to receive employer contributions until they have been employed six months. The plan is a straight-money purchase plan, administered by a financial institution. LES' contribution is equal to 200% of the employees' contributions which range from 2-5% of gross wages. This plan and related contribution requirements were authorized by the administrative board of directors under LES' retirement plan, on October 12, 1972, (latest restatement June 15, 1989). Vesting of LES contributions occurs over a five-year period. Employee forfeitures are used to reduce employer contributions. Vested benefits are fully funded. LES incurred contribution expense of approximately \$2,316,000 (9.6% of covered payroll) and its employees contributed approximately \$1,249,600 (5.2% of covered payroll).

DEPARTMENT DIRECTORS

Directors of City departments are eligible the first of the month following the date employed to be covered by the Director's Money Purchase Plan, established by City Ordinance, and administered by an insurance company. The Plan is a defined contribution plan requiring the City to contribute 6% of the first \$4,800 of earned income plus 12% of earned income over \$4,800 in one calendar year. Employees covered by the Plan may also make voluntary contributions. Participant accounts are immediately 100% vested. Total and covered payroll for the year ended December 31, 2002, was \$1,318,829. City contributions totaled \$152,641 or 11.6% of covered payroll. There were no voluntary employee contributions made for the year ended December 31, 2002.

ALL OTHER CITY EMPLOYEES

All other City employees are eligible after 6 months' service and age 19 to be covered under the City's Money Purchase Pension Plan, established by City Ordinance, and administered by an insurance company. Enrollment in the program is mandatory at age 40 with 5 years service. Vesting occurs in increments between 3 and 7 years of enrollment in the plan. The Plan is a defined contribution plan requiring employees to contribute 3% of earnings on the first \$4,800 and 6% on the balance of earnings. Currently, the City contributes 200% of the employees' contribution. Employee forfeitures are used to reduce employer contributions. Employees covered by the Plan may also make voluntary contributions. During the year ended December 31, 2002, total payroll was approximately \$59,314,000 and covered payroll was approximately \$49,240,000. City contributions totaled \$5,417,206 or 11.0% of covered payroll and employee contributions totaled \$2,767,896 or 5.6% of covered payroll. Employees made \$50,071 in voluntary contributions for the year ended December 31, 2002.

(14) <u>COMMITMENTS AND CONTINGENCIES</u>

GENERAL

The City participates in a number of federally assisted grant programs. Federal financial assistance programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The City is a defendant in a number of lawsuits and claims in its normal course of operations. Management is currently of the opinion that ultimate settlement of such lawsuits and claims will not have a materially adverse effect on the financial statements.

The City has been identified as a potentially responsible party (PRP) or equivalent status in relation to several sites with environmental remediation activities. Management currently believes that the liability of the City in connection with these activities will be immaterial. However, the ultimate cost will depend on the extent of remediation required. Management does not believe that changes in these cost estimates will have an adverse effect on the City's financial condition or results of operations.

Notes to the Financial Statements August 31, 2003

The City of Lincoln owns a solid waste disposal area which discontinued operations in 1990, but still requires certain closure and postclosure care, including the construction of final cover soil, monitoring of groundwater conditions and landfill gas migration, and general site maintenance. While accrual of closure and postclosure care costs has been reflected in the financial statements in the current year, additional corrective action costs related to landfill gas migration and groundwater conditions may be identified once testing is completed and regulatory officials have made a final review of reported findings.

STREET CONSTRUCTION PROJECTS

The City's Street Construction Capital Projects Fund has commitments under major construction contracts in progress of approximately \$13,840,000 as of August 31, 2003, which will be financed primarily through highway user fees, federal and state grants, and developer contributions.

LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$19,897,000 at August 31, 2003.

Lincoln Wastewater System has commitments to fund Lincoln Water System's purchase of automated meter reading system equipment. Under the agreement, Lincoln Wastewater System will fund approximately \$400,000 per year for an additional four years. The maximum remaining commitment is approximately \$1,600,000 at August 31, 2003.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$5,733,000 as of August 31, 2003.

Lincoln Water System has commitments to purchase approximately \$1,000,000 of automated meter reading system equipment for four years. The maximum remaining commitment is approximately \$4,000,000 at August 31, 2003.

LINCOLN ELECTRIC SYSTEM (LES)

Participation Contract with NPPD for Cooper Nuclear Station

On May 21, 1968, LES and Consumers Public Power District, now known as Nebraska Public Power District (NPPD), entered into a Power Sales Contract (PSC) relating to the sale of capacity and energy from Cooper Nuclear Station (CNS). CNS is an approximately 800 megawatt (MW) nuclear generating plant located near Brownville, Nebraska, and is owned and operated by NPPD. The LES share under the original contract was 12.5% of the output of the facility. From 1973 through July 2002, LES received energy from the Cooper facility while contributing fixed and variable expenses equivalent to ownership costs and fuel costs. Fixed cost payments under the contract were on the same percentage basis whether or not the plant was operating or operable. LES recognized expense for its share of the total fixed demand costs of approximately \$8,400,000 in 2002.

LES and NPPD have each made allegations and brought claims against one another and have pursued related court actions and appeals against each other that are related to or arising from the PSC and CNS management and operating performance.

During 2002, LES and NPPD entered into settlement discussions that culminated in a settlement agreement to resolve all pending and threatened litigation related to CNS. This agreement includes power supply alternatives for LES that are advantageous for LES' future resource reliability and cost, including a 95 MW energy contract from NPPD at an advantageous fixed cost that will replace energy previously received from CNS.

Notes to the Financial Statements August 31, 2003

On July 31, 2002, the LES Administrative Board approved the settlement with NPPD and executed the "Settlement Agreement, Mutual Release and Indemnity" outlining all terms and conditions of the settlement. The settlement included:

- A new Power Sales Agreement (PSA) with NPPD effective August 1, 2002 through September 30, 2003, for 95 MW of accredited capacity and energy from NPPD.
- An amendment to the agreement for Gerald Gentlemen Station (GGS) relating to LES' entitlement to fully schedule an additional 7 MW from GGS.
- Authorization for the LES Administrator and CEO and LES legal counsel to prepare and file all
 documents necessary to effectuate the dismissal of all outstanding litigation with NPPD related to
 CNS.

A significant and key factor in the overall settlement is the provision whereby NPPD agrees not only to release LES from any future decommissioning obligation, but also to indemnify and hold LES harmless from any claim of any nature from any person or entity (including government agencies) that arises from or relates to the PSC of the operation of CNS.

The economic benefit of the settlement to LES includes an estimated \$5,000,000 in immediately available decommissioning funds, \$3,500,000 in savings in power costs due to the firm PSA, and approximately \$1,000,000 per year in additional savings from the low costs of GGS energy for so long as GGS continues to operate.

Upon expiration of the previous contract, if the nuclear facility was no longer in operation, LES would have been liable for no more than 12.5% of the costs of decommissioning the nuclear facility. LES recognized expense for these potential costs of approximately \$4,800,000 from the period of December 2000 to July 2002. As a result of the settlement, this reserve was reversed and purchased power expense was decreased by this amount.

Under the previous contract, LES was responsible for 12.5% of capital additions and improvements at the nuclear facility. Capital additions and improvements were billed to LES over periods ranging from six to eight years. LES recognized as purchased power approximately \$818,000 in 2002 for its share of these costs.

Other Participation Contracts with NPPD

LES has participating interests in the output of two existing NPPD power plants, a thirty percent (approximately 68 MW) and eight percent (approximately 109 MW) entitlement to the output of the Sheldon Station Power Plant (nominally rated 225 MW coal plant) and Gerald Gentleman Station Power Plant (nominally rated 1,268 MW coal plant), respectively.

LES is responsible for its respective participating interests in the two facilities' capital additions and improvements. LES' share of debt service payments necessary to retire the respective participating interests of principal and interest on bonds issued by NPPD for the facilities was approximately \$7,600,000 in 2002. LES recognizes its share of capital acquisition costs and debt service payments as power costs in the period the costs are billed. Fixed cost payments under the agreements are on a participation basis whether or not such plants are operating or operable. LES recognized expense for its share of the total fixed costs of approximately \$16,900,000 in 2002.

The participation contracts continue until the facilities are removed from commercial operation or the final maturity occurs on the related debt incurred by NPPD to finance the facilities, whichever occurs last. The expected fixed cost payments to NPPD under these contracts, including capital additions and improvements, debt service payments, and fixed costs and credits aggregate approximately \$16,100,000, \$15,400,000, \$16,300,000, \$15,500,000, and \$15,800,000, respectively, in each of the five years subsequent to December 31, 2002.

Laramie River Station (LRS)

LES is an 12.76 percent co-owner of the Missouri Basin Power Project which includes LRS, a three-unit, 1,650 MW coal-fired generating station in eastern Wyoming and a related transmission system. Costs, net of accumulated depreciation, associated with LRS of approximately \$62,000,000 are reflected in utility plant at December 31, 2002.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County) whereby the County purchases from LES 10 MW of LES's capacity interest in LRS. The agreement provides for the County to pay LES approximately \$118,000 per month through July 1, 2003, for demand charges. The amount is subject to change each July 1 based on debt costs of LES relative to the current market rates, until termination of the agreement. At July 1, 2003, it was determined that the rate would continue at approximately \$118,000 per month. The agreement remains in effect until either the final maturity occurs on any LRS related debt, LRS is removed from commercial operation or the County gives LES notice to terminate the agreement. During 2002, LES billed the County approximately \$2,300,000 for demand and energy charges.

(15) INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds at August 31, 2003, consists of the following:

Due To	Due From													
		Community												
	General	Street	Federal	Health	Nonmajor	Nonmajor	Internal							
_	Fund	Construction	Grants	Endowment	Governmental	Enterprise	Service	Total						
General Fund \$	-	-	477,442	-	145,812	1,048,755	64	1,672,073						
Nonmajor Governmental	715,009	800	4,685	-	76,719	-	-	797,213						
Nonmajor Enterprise	3,460	6,928	-	-	33	-	-	10,421						
Internal Service	341,738	5,579	10,303	148	53,250	16,212	29,396	456,626						
Total \$	1,060,207	13,307	492,430	148	275,814	1,064,967	29,460	2,936,333						

"Due to" and "Due from" balances are recorded when funds overdraw their share of pooled cash. The total due to the General Fund includes \$861,832 from the Emergency Medical Services Enterprise Fund for an advance made for cash flow needs. Of this amount, \$608,106 is not expected to be repaid within one year. All remaining balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers To/From Other Funds at August 31, 2003, consists of the following:

Transfer To		Transfer From													
	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise	Total								
General Fund \$ Street Construction Federal Grants Nonmajor Governmental	310,142 16,022,182	- - 1,479,627	- - 16.492	642,937 7,520,400 13,330 4,084,133	1,180,611	31,486 - - 397,428	1,855,034 7,520,400 323,472 21,999,862								
Nonmajor Enterprise Internal Service Total \$	443,158 5,547 16,781,029	1,479,627	16,492	942,239 7,645	1.180.611	428.914	1,385,397 13,192 33,097,357								

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Notes to the Financial Statements August 31, 2003

The variance of \$389 on the Statement of Activities transfers is caused by the different fiscal year end dates used by the City (August 31) and Lincoln Electric System (December 31). Lincoln Electric System records an estimate for payments in lieu of taxes as an accrued liability at the end of their fiscal year. The City however, receives the transfer before the August 31 fiscal year end, and records the exact amount as a transfer in.

(16) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. For the year ended August 31, 2003, the City has a self-insured retention for workers' compensation exposures up to \$400,000 per individual; building and contents exposures up to \$50,000 per occurrence; law enforcement liability exposures up to \$350,000 per occurrence; general liability exposures up to \$250,000 per occurrence; public officials exposures up to \$250,000 per occurrence; public transportation liability exposures up to \$250,000 per occurrence; auto liability exposures up to \$250,000, and employee long-term disability benefits, all of which are covered under the Insurance Revolving Fund which is included in the internal service funds. The self-insurance programs are administered through the Risk Management Division.

Workers' compensation is covered by a policy which provides statutory limits above the City's retention of \$400,000 per individual. Law enforcement liability is covered by a policy which provides limits of \$5 million per occurrence and \$6 million in annual aggregate. General liability is covered by a policy which provides limits of \$5 million per occurrence and \$6 million in annual aggregate. Public officials liability provides limits of \$5 million per occurrence and \$5 million in annual aggregate. Auto liability and public transportation liability are covered by a policy which provides a limit of \$5 million. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to \$1 million per individual and \$5 million per occurrence. Settled claims have not exceeded coverage in any of the past three fiscal years.

The City annually retains the services of independent actuaries to analyze the self-insured workers' compensation, general liability, public transportation liability, law enforcement liability, auto liability, and long-term disability exposures. Such analysis has been used to assist the City with its financial planning and management of the self-insurance program. Included in the specific objectives of the studies were to:

- Estimate the outstanding liabilities for the current fiscal year ended August 31,
- Forecast ultimate incurred losses and incurred but not reported (IBNR) losses for future years, and
- Estimate the required funding level for the City's self-insured liabilities.

The City funds its self-insurance program on an "incurred loss" basis. The governmental and proprietary funds pay annual premium amounts, based on past experience of incurred losses, to the Insurance Revolving Fund. Claim liabilities of \$5,143,840 were recorded at August 31, 2003. This is the actuarially estimated amount of claims based on an estimate of ultimate incurred and IBNR losses as of that date and is calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. These liabilities have been discounted using a 4.0% discount rate and a claim payment pattern based on the historical data of the City. The City has purchased no annuity contracts in the current fiscal year to resolve City of Lincoln claims.

The following is a summary of the changes in the estimated claims liability for the years ended August 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Balance at September 1	\$ 5,507,344	4,762,334
Current year claims and changes in estimates	1,805,085	2,449,075
Claim payments	(2,168,589)	(1,704,065)
Balance at August 31	\$ 5,143,840	5,507,344

(17) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City of Lincoln currently owns and operates a solid waste disposal area and a construction and demolition disposal area. State and federal laws require the City to close the landfills once capacity is reached and to monitor and maintain the site for thirty subsequent years on the solid waste disposal area and five subsequent years on the construction and demolition disposal area. Although certain closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

At August 31, 2003, the City had incurred a liability of approximately \$3,834,000 for the solid waste disposal area which represents the amount of costs reported to date based on the approximately 31 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$8.6 million which will be recognized as the remaining capacity is used (estimated to be approximately 23 years).

As of August 31, 2003, the City had incurred a liability of approximately \$465,000 for the construction and demolition disposal area which represents the amount of costs reported to date based on the approximately 44 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$599,000 which will be recognized as the remaining capacity is used (estimated to be approximately 17 years).

The estimated costs of closure and postclosure care, as determined by an independent engineering consultant, are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The City of Lincoln, in a review by the Nebraska Department of Environmental Quality (NDEQ), has demonstrated compliance with the financial assurance requirements as specified in Title 132 - *Integrated Solid Waste Management Regulations*, through the Local Government Financial Test.

The City of Lincoln also owns a solid waste disposal area which discontinued operations in 1990. Although exempt from the U.S. Environmental Protection Agency Solid Waste Disposal Facility Criteria issued October 9, 1991, the City must still adhere to certain closure and postclosure care requirements under prior legislation, including the construction of final cover soil, monitoring of ground water conditions and landfill gas migration, and general site maintenance. At August 31, 2003, a liability for closure and postclosure care costs is recorded in the amount of approximately \$1,945,000, which is based on appropriations identified in the City's capital improvement projects budgeting process. Additional corrective action costs related to possible landfill gas migration and groundwater conditions will be identified once testing is completed and regulatory officials have made a final review of subsequent findings. Consequently, costs associated with the potential corrective action have not been accrued as of August 31, 2003.

(18) PUBLIC BUILDING COMMISSION

In 1990, the City and the County of Lancaster, pursuant to state statute, activated a separate governmental entity denominated as the Lincoln-Lancaster County Public Building Commission. The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each \$100 of actual valuation of taxable property in the County. For the year ended August 31, 2003, the City made rental payments of approximately \$2 million to the Commission.

As of August 31, 2003, the Commission has bonds outstanding of \$38,500,000 attributable to several bond issues. Certain proceeds from the bonds totaling \$5,400,000 have been utilized by the Commission to acquire construct and/or renovate certain buildings occupied by the City and County. The City's proportionate share of such buildings and the corresponding debt are reflected as capital leases in the City's financial statements. Lease payments are not recorded as capital lease payments in the Debt Service funds but rather are recorded as current expenditures in the various individual funds.

Additional bond proceeds, totaling \$29,000,000, have been utilized by the Commission to construct a new County-City building and to renovate the prior County-City building to be used as a Hall of Justice. It is estimated that the City occupies approximately 65% of the new building and 38% of the renovated building (Hall of Justice). It is anticipated that property tax levies by the Commission will be sufficient to meet bond principal and interest payments. Should revenues from such property tax levies not be sufficient to meet debt service requirements in any given year, the City and County would contribute the necessary payments based on their proportionate occupancy in such buildings. Such contributions are expected to be minimal and will be expensed in the appropriate funds when incurred. The City's proportionate share of the buildings has been recorded in capital assets in accordance with the terms of the joint venture agreement regarding the ultimate transfer of assets to the City and County.

Bonds of \$8,330,000 have been issued to acquire and construct a parking facility adjacent to the County-City complex. The City's proportionate share of the parking facility will be recorded in capital assets upon completion, in relation to the ultimate transfer of the asset to the City and County.

Complete separate financial statements for the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

(19) JOINT ANTELOPE VALLEY AUTHORITY

Joint Antelope Valley Authority (JAVA) is a joint administrative entity created April 15, 2000, in accordance with Article XV, Section 18 of the Constitution of the State of Nebraska and Nebraska Revenue Statutes Sections 13.801 through 13.827 (1997) authorizing the creation of a joint entity by public agencies. Per an interlocal cooperative agreement by and between the Board of Regents of the University of Nebraska, a public body corporate, the City of Lincoln, Nebraska, a municipal corporation, and the Lower Platte South Natural Resources District, a political subdivision of the State of Nebraska. JAVA constitutes a separate administrative entity, exercising the public power granted by the interlocal cooperation agreement on behalf of the three aforementioned "Partners" to coordinate planning and implementation of a public project described in the Antelope Valley Study and the U.S. Army Corps of Engineers Antelope Creek Feasibility Study (the Project). The Project generally includes community revitalization, transportation, and drainage/flood control improvements.

After completion of a specific component of the Project, JAVA will transfer all real estate and improvements thereon to the appropriate individual Partner, subject to the necessary and agreed upon easements which will be conveyed to such Partner or other appropriate public or private entity, or reserved by such a Partner, for the operation, maintenance, repair, and inspection of each specific component.

During the implementation period of the agreement, JAVA shall have the power and authority to acquire and condemn property rights, borrow, mortgage, pledge, or secure loans and bond its appropriated revenues and assets; provided, however, that JAVA shall have no power and authority to bond the credit or revenues of the three Partners or each Partner, or levy taxes.

Complete separate financial statements for JAVA may be obtained at the City of Lincoln Public Works Business Office, 555 South 10th Street, Lincoln, Nebraska 68508.

(20) JOINTLY GOVERNED ORGANIZATIONS

District Energy Corporation

LES, in conjunction with two other governmental entities, created the District Energy Corporation (DEC) in 1989 to own, operate, maintain, and finance the heating and cooling facilities utilized by certain city, county, and state buildings. The Board of Directors of DEC is comprised of five members: two appointed by the county board of commissioners, two by the Mayor of Lincoln who must be confirmed by the City Council, and one by LES. No participant has any obligation, entitlement, or residual interest.

The DEC Board of Directors, under a twenty-year management agreement, have appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to DEC at an established interruptible commercial rate. The total amount of payments to LES for management, operations, and maintenance services was approximately \$118,000 in 2002. The total amount of payments to LES for energy was approximately \$67,000 in 2002.

Nebraska Utility Corporation

On May 17, 2001, LES, in conjunction with another governmental entity, created the Nebraska Utility Corporation (NUCorp) to purchase, lease, construct, and finance facilities and to acquire services in order to furnish energy requirements, utility and infrastructure services, and all related energy, utility, and infrastructure services to counties, cities, villages, school districts, sanitary and improvement districts, or other municipal corporations or political subdivisions of the State of Nebraska or political subdivisions of another state. The Board of Directors of NUCorp is comprised of five members: three members appointed by the University of Nebraska and two members appointed by LES. No participant has any obligation, entitlement, or residual interest.

Operations commenced in January 2002. The NUCorp board of directors, under a twenty-year management agreement, has appointed LES to supervise and manage the system and business affairs of NUCorp. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to NUCorp on an established rate schedule. The total payment to LES for management, operations, and maintenance services was approximately \$136,000 in 2002. The total amount of payments to LES for energy was approximately \$4.8 million in 2002.

COMBINING AND INI		STATEMENTS AND	
	SCHEDULES		

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COMBINED BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2003

	_	Special Revenue	Debt Service	Capital Projects	J. J. Hompes Permenent Fund	Total
ASSETS						
Cash and Cash Equivalents	\$	3,427,873	3,419,336	5,195,004	8,576	12,050,789
Investments		16,428,413	14,707,285	22,891,397	523,742	54,550,837
Receivables		1,801,311	4,497,190	91,465	245	6,390,211
Due from Other Funds		6,657	-	790,556	-	797,213
Due from Other Governments		559,201	167,521	629,708	-	1,356,430
Assets Held for Resale		-	-	793,575	-	793,575
Inventories	_	727,231	-		-	727,231
Total Assets	=	22,950,686	22,791,332	30,391,705	532,563	76,666,286
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable		580,293	-	1,940,567	-	2,520,860
Contracts Payable		-	-	710,561	-	710,561
Retainages Payable		-	-	38,393	=	38,393
Accrued Liabilities		1,342,951	-	-	-	1,342,951
Due to Other Funds		275,814	-	-	-	275,814
Due to Other Governments		69,617	-	6,763	-	76,380
Unearned Revenue		417,350	-	-	-	417,350
Deferred Revenue		618,405	3,481,707	-	-	4,100,112
Bond Principal Payable		-	65,000	-	-	65,000
Bond Interest Payable			39,250	_		39,250
Total Liabilities	_	3,304,430	3,585,957	2,696,284		9,586,671
Fund Balances:						
Reserved for:						
Encumbrances		439,490	-	2,024,365	-	2,463,855
Inventories		727,230	-	-	-	727,230
Debt Service		-	13,069,991	-	-	13,069,991
Trust Donations		1,100,156	-	-	532,563	1,632,719
Resale Assets		-	-	793,575	-	793,575
Unreserved:						
Designated for Debt Service		-	6,135,384	-	-	6,135,384
Designated for Subsequent Years' Expenditures		1,269,428	-	-	-	1,269,428
Undesignated		16,109,952	-	24,877,481		40,987,433
Total Fund Balances		19,646,256	19,205,375	27,695,421	532,563	67,079,615
Total Liabilities and Fund Balances	\$	22,950,686	22,791,332	30,391,705	532,563	76,666,286

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

		Special	Debt	Capital	J. J. Hompes Permanent	Tatal
REVENUES	-	Revenue	Service	Projects	Fund	Total
Taxes:						
Property	\$	9,251,664	7,233,608			16,485,272
Wheel	Ψ	995,751	7,233,000	6,771,418	_	7,767,169
Sundry and In Lieu		8,672	5,528	0,771,410	_	14,200
Special Assessement		164	1,946,562	_	_	1,946,726
Intergovernmental		5,358,593	1,686,939	410,864	_	7,456,396
Permits and Fees		8,909,474	-	-	_	8,909,474
Reimbursement for Services		604,474	_	_	_	604,474
Investment Earnings		277,006	264,831	371,338	49,009	962,184
Donations		186,138	-	304,502	455,010	945,650
Keno Proceeds		3,178,094	-	-	-	3,178,094
Miscellaneous		103,714	50,000	3,678	_	157,392
Total Revenues	_	28,873,744	11,187,468	7,861,800	504,019	48,427,031
EXPENDITURES						
Current:						
General Government		6,585,720	-	-	-	6,585,720
Public Safety		6,818,661	-	-	-	6,818,661
Streets and Highways		1,708,431	-	-	-	1,708,431
Culture and Recreation		7,716,735	-	-	17,030	7,733,765
Economic Opportunity		4,292,711	-	-	-	4,292,711
Health and Welfare		8,757,149	-	-	-	8,757,149
Mass Transit		7,878,037	-	-	-	7,878,037
Debt Service:						
Principal Retirement		-	5,498,277	-	-	5,498,277
Interest and Fiscal Charges		-	3,001,504	-	-	3,001,504
Miscellaneous		-	7,442	-	-	7,442
Capital Outlay	_			13,285,237		13,285,237
Total Expenditures	_	43,757,444	8,507,223	13,285,237	17,030	65,566,934
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	_	(14,883,700)	2,680,245	(5,423,437)	486,989	(17,139,903)
OTHER FINANCING SOURCES (USES)						
Transfers In		16,754,229	205,210	4,994,849	45,574	21,999,862
Transfers Out		(3,205,400)	(1,015,000)	(8,990,284)	-5,57-	(13,210,684)
Issuance of Debt		(3,203,400)	9,436,083	9,911,335	_	19,347,418
Transfer to Bond Refunding Agent		_	(9,598,350)	-	_	(9,598,350)
Premiums / Discounts on Debt Issued		_	-	247,703	_	247,703
Sale of Capital Assets		157,816	_	616,569	_	774,385
Total Other Financing Sources (Uses)		13,706,645	(972,057)	6,780,172	45,574	19,560,334
Net Change in Fund Balances		(1,177,055)	1,708,188	1,356,735	532,563	2,420,431
Fund Balances - Beginning		20,823,311	17,497,187	26,338,686		64,659,184
Fund Balances - Ending	\$	19,646,256	19,205,375	27,695,421	532,563	67,079,615

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds from a specific revenue source that is restricted to expenditures for a specified purpose.

Advance Acquisition Fund - To account for funds to be used for the acquisition of real estate for public purposes. Net proceeds from the sale or exchange of real estate owned by the City shall be credited to this fund, and the fund may also be increased by General Fund appropriations, or proceeds from general obligation borrowing.

<u>Athletic Field & Facilities Improvement Fund</u> - To account for proceeds from a surcharge applied to registration fees charged by the Recreation Division for various athletic activities. These monies must be used for improvements to athletic field and facilities.

<u>Cable Access Television Fund</u> - To account for receipt and disbursement of educational and governmental access capital equipment and facilities grants. The Franchise Agreement between the City and Lincoln Cablevision, effective August 5, 1985, required Cablevision to deposit \$400,000 in such a fund. Cablevision is required to match, one for one, any contributions by the City for such purposes up to \$100,000.

<u>Lincoln City Libraries Fund</u> - To account for the costs of providing library services to the citizens of Lincoln. Financing is provided by a specific annual tax levy, fines and fees, and reimbursement from Lancaster County for services provided to County residents.

<u>Lincoln Area Agency On Aging Fund</u> - To account for the costs of providing various services to senior citizens through the Lincoln/Lancaster Commission on Aging. Financing is provided by Federal, State, County, and City funds.

<u>Tax Sales Revolving Fund</u> - To provide working funds to acquire lots sold at tax sale for which any part of the taxes included in the decree of foreclosure is due to the City as well as to account for expenditures from this fund to purchase such lots and associated expenses, and to account for monies received from the sale of such lots. Financing is provided by transfers from the Advance Acquisition Fund and monies received from the sale of lots.

<u>Lincoln/Lancaster Co. Health Fund</u> - To account for the costs of providing health services to the citizens of the City of Lincoln and Lancaster County. Financing is provided by Federal, State, County, and City funds.

<u>Snow Removal Fund</u> - To account for the costs of providing snow and ice removal services for all streets in the City of Lincoln. Financing is provided by a percentage of wheel tax receipts and transfers from the Street Construction Fund.

<u>911 Communication Fund</u> - To account for the costs of answering and processing all incoming 911 and nonemergency calls as well as the cost of dispatch service for the Lincoln Police Department, Lincoln Fire Department, Lancaster County Sheriff's Office and Rural Volunteer Fire and Rescue Departments. Financing is provided by County and City funds and a 911 telephone surcharge.

<u>Social Security Fund</u> - To account for the City of Lincoln's matching share of Social Security costs for employees paid from the General Fund and other funds supported primarily from general tax revenue. Financing is provided by a specific annual property tax levy. Such property taxes may only be used for this purpose.

<u>Police & Fire Pension Contributions Fund</u> - To account for the City's contributions to the Police and Fire Pension. Financing is provided by a specific annual property tax levy.

<u>StarTran Fund</u> – To account for the cost of operating the City-owned transit system. Financing is provided primarily through passenger revenue and Federal, State, and City funds.

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<u>Unemployment Compensation Fund</u> - To account for the cost of unemployment benefits paid to former employees of departments supported primarily from tax revenues. The City reimburses the State for actual costs rather than a percentage of payroll. Financing is provided by a specific annual property tax levy. Such property taxes may only be used for this purpose.

<u>Keno Fund</u> - To accumulate resources from the City's percentage of Keno revenue in the City and account for activities financed with Keno revenues.

<u>Special Assessment Fund</u> - To account for the receipt and disbursement of special assessment bond proceeds and other income which is derived from interest income, developers share of districts and City subsidies. This fund is also used to account for the administrative cost of collection of and accounting for special assessments levied against benefited properties. Expenditures for capital improvement projects are accounted for in the Special Assessment Capital Projects Fund. Periodic transfers are made to the Capital Projects Fund to cover expenditures.

<u>Building & Safety Fund</u> - To account for the cost of providing building and safety permit and inspection services to the citizens of Lincoln. Financing is provided through permit and inspection fee revenues and City funds.

<u>Property Tax Refunds Fund</u> - To accumulate resources for reimbursement of taxes on centrally assessed property per court order. Resources are derived from collection of prior years' tax levies and interest earned on those collections.

Impact Fees - To account for receipts and disbursements of impact fees in accordance with city ordinance.

<u>Parks And Recreation Special Projects Fund</u> - To account for the proceeds of various trusts and donations to be used for the development of various projects, such as a mini-park, an observatory, landscaping, etc.

<u>Commission On Aging Gift Trust Fund</u> - To account for the proceeds of fund-raising activities by and donations to the Lincoln/Lancaster Senior Center Foundation. These funds are turned over to the City to be used for special projects at the discretion of the Foundation.

<u>Library Special Trust Fund</u> - To account for the receipt of investment earnings from the following trusts:

Charles Gere Library Fund - To be used as directed by the Library Board for the benefit of the Lincoln City Libraries.

Lillian Polley Trust - To be used for the Polley Music Library.

SUBCOMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2003

	Advance Acquisition	Athletic Field & Facilities Improvement	Cable Access Television	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
ASSETS										
Cash and Cash Equivalents	\$ 218,779	72,373	-	395,530	50,464	121,003	27,175	265,715	-	133,698
Investments	937,399	307,584	-	1,927,894	316,738	518,133	415,605	1,173,580	-	1,213,859
Receivables:										
Taxes	-	-	-	796,297	-	-	-	-	-	242,407
Accounts	-	-	-	-	908	-	45,239	-	126,310	-
Accrued Interest	5,175	2,154	-	6,808	2,963	3,163	1,433	4,039	22	5,561
Due from Other Funds	-	-	-	-	5,407	-	-	-	-	-
Due from Other Governments	-	-	-	841	93,150	-	359,937	92,600	-	254
Inventories	-	-	-			-	-	174,024		-
Total Assets	1,161,353	382,111	-	3,127,370	469,630	642,299	849,389	1,709,958	126,332	1,595,779
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	-	-	-	43,478	33,563	-	72,460	2,658	9,626	-
Accrued Liabilities	-	-	-	182,164	102,573	-	256,836	9,209	72,976	181,631
Due to Other Funds	-	-	-	1,151	4,584	-	31,656	1,134	126,146	-
Due to Other Governments	-	307	-	27	78	-	4,403	-	200	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	-		-	162,974	2,049	-	359,937	-		50,924
Total Liabilities	-	307	-	389,794	142,847	-	725,292	13,001	208,948	232,555
Fund Balances (Deficits): Reserved for:										
Encumbrances	-	-	-	236,962	36,230	-	66,829	28,720	2,474	-
Inventories	-	-	-	-	-	-	-	174,024	-	-
Trust Donations	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for Subsequent										
Years' Expenditures	-	-	-	637,976	63,523	-	57,268	5,703	-	190,862
Undesignated	1,161,353	381,804	-	1,862,638	227,030	642,299	-	1,488,510		1,172,362
Total Fund Balances (Deficits										
Total Liabilities and	s) 1,161,353	381,804	-	2,737,576	326,783	642,299	124,097	1,696,957	(82,616)	1,363,224

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks And Recreation Special Projects	Commission On Aging Gift Trust	Library Special Trust	Total
-	296,447	53,658	476,269	201,095	869,526	1,526	34,851	84,720	51,208	73,836	3,427,873
-	1,497,642	230,688	2,048,730	873,319	3,896,066	3,662	153,916	362,510	221,534	329,554	16,428,413
210.029											1 257 742
219,038	20.050	-	265 860	-	-	-	-	- 560	-	-	1,257,742
-	28,950 2,131	1,262	265,860 11,642	4,766	20,203	22	200	562 1,990	1 270	936	467,829 75,740
-	1,250	1,202	11,042	4,700	20,203		200		1,270		6,657
-	1,230	-	-	-	-	-	-	-	-	-	559,201
-	553,207	-	-	-	-	-	-	-	-	-	727,231
	333,207					<u>-</u>		. <u> </u>	. <u> </u>		121,231
219,038	2,392,046	285,608	2,802,501	1,079,180	4,785,795	5,210	188,967	449,782	274,012	404,326	22,950,686
		-				:					
-	131,723	-	44,151	37,708	4,445	-	194,003	5,198	1,280	-	580,293
176,517	201,921	-	-	-	151,863	-	2,756	-	-	4,505	1,342,951
-	1,468	-	25,561	76,268	7,506	-	-	-	340	-	275,814
-	490	-	63,411	-	10	-	-	691	-	-	69,617
-	239,749	-	-	-	177,601	-	-	-	-	-	417,350
42,521	-		-	-	-		-	-	-	-	618,405
219,038	575,351		133,123	113,976	341,425		196,759	5,889	1,620	4,505	3,304,430
_	40,000	-	9,298	_	3,027	_	_	15,185	_	765	439,490
_	553,206	_	- ,	_	-	_	_		_	-	727,230
_	-	_	-	_	_	_	_	428,708	272,392	399,056	1,100,156
								,	,	,	, ,
_	125,048	95,000	_	_	94,048	_	_	_	_	_	1,269,428
_	1,098,441	190,608	2,660,080	965,204	4,347,295	5,210	(7,792)	_	_	_	16,109,952
	1,816,695	285,608	2,669,378	965,204	4,444,370	5,210	(7,792)	443,893	272,392	399,821	19,646,256
219,038	2,392,046	285,608	2,802,501	1,079,180	4,785,795	5,210	188,967	449,782	274,012	404,326	22,950,686

CITY OF LINCOLN, NEBRASKA SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Advance Acquisition	Athletic Field & Facilities Improvement	Cable Access Television	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
Revenues:										
Real Property and										
Personal Property Tax \$	-	-	-	5,882,034	-	-	-	-	-	1,777,546
Wheel Tax	-	-	-	-	-	-	-	995,751	=	-
Sundry and In Lieu Tax	-	-	-	5,445	-	-	-	-	-	1,646
Special Assessment	-	-	-	-	-	-	164	-	-	-
Intergovernmental	-	-	-	586,372	1,135,387	-	2,125,075	-	93,226	-
Permits and Fees	-	-	-	341,787	117,037	-	2,139,292	-	795,788	-
Reimbursement for Services	594	73,662	-	-	168,373	-	81,750	-	-	-
Investment Earnings	20,343	8,634	204	18,297	10,106	12,729	2,017	16,712	614	17,121
Donations	-	-	-	-	45	-	2,000	-	-	-
Keno Proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	34	-	7,812	4,039	-	56,644	-	-	-
Total Revenues	20,937	82,330	204	6,841,747	1,434,987	12,729	4,406,942	1,012,463	889,628	1,796,313
Expenditures:										
General Government	1,496,099	_	26,696	_	_	_	_	_	_	1,640,074
Public Safety	-,,	_	,	_	_	_	_	_	2,313,417	-
Streets and Highways	_	_	_	_	_	_	_	1,708,431	_,	_
Culture and Recreation	_	_	_	6,718,997	_	_	_	-	_	_
Economic Opportunity	_	_	_	-	4,188,819	_	_	_	_	_
Health and Welfare	_	_	_	_	-,100,01	_	8,757,149	_	_	_
Mass Transit	_	_	_	_	_	_	-	_	_	_
Total Expenditures	1,496,099		26,696	6,718,997	4,188,819	-	8,757,149	1,708,431	2,313,417	1,640,074
Excess (Deficiency) of Revenue	ac.									
Over (Under) Expenditures	(1,475,162)	82,330	(26,492)	122,750	(2,753,832)	12,729	(4,350,207)	(695,968)	(1,423,789)	156,239
	(1,473,102)	02,330	(20,472)	122,730	(2,733,032)	12,72)	(4,330,201)	(0)3,700)	(1,423,707)	130,237
Other Financing Sources (Uses):										
Transfers In	589,162	_	_	_	2,857,490	_	4,431,181	1,071,830	1,290,200	_
Transfers Out	505,102	(230,696)	(7,645)	(13,330)	2,037,470	(752,169)	(40,620)	(362,000)	, ,	_
Sale of Capital Assets	128,573	(230,070)	(7,015)	213	697	(752,105)	186	(302,000)	(2),000)	_
Total Other Financing	120,575	·		213			100		-·	
Sources (Uses)	717,735	(230,696)	(7,645)	(13,117)	2,858,187	(752,169)	4,390,747	709,830	1,260,332	_
Not Change In Fund D-1	(757 427)	(149.266)	(24 127)	100 622	104.255	(720 440)	40.540	12.962	(162.457)	156 220
Net Change In Fund Balances	(757,427)	(148,366)	(34,137)	109,633	104,355	(739,440)	40,540	13,862	(163,457)	156,239
Fund Balances - Beginning	1,918,780	530,170	34,137	2,627,943	222,428	1,381,739	83,557	1,683,095	80,841	1,206,985
Fund Balances (Deficits) - Ending \$	1,161,353	381,804		2,737,576	326,783	642,299	124,097	1,696,957	(82,616)	1,363,224
-	·									

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks And Recreation Special Projects	Commission On Aging Gift Trust	Library Special Trust	Total
Contributions	Starrian	Compensation	Kello	Assessment	& Salety	Kerunus	rees	Trojects	Ont Trust	Trust	Total
1,592,084	_									_	9,251,664
1,372,004	_	_	_	_		_		_		_	995,751
1,581					_	_			_	_	8,672
1,301	_	_	_	_	_	_	_	_	_	_	164
	1,418,333				_	_		200		_	5,358,593
_	1,239,076		_	_	4,276,494	_	_	200	_	_	8,909,474
_	39,847		_	_	144,909	_	_	95,339		_	604,474
	2,811	4,415	39,146	19,326	85,367	81		7,540	4,441	7,102	277,006
-	2,011	4,413	39,140	19,320	-	01	_	75,873	108,220	7,102	186,138
-	_	-	3,178,094	-	-	-	-	15,615	100,220	_	3,178,094
-	29,962		3,170,094	175	4,378	-	-	479	191	-	103,714
1,593,665	2,730,029		3,217,240	19,501	4,511,148	81		179,431	112,852	7,102	28,873,744
1,393,003	2,730,029	4,413	3,217,240	19,301	4,311,146			179,431	112,632	7,102	20,073,744
1,593,665	_	18,036	1,195,887	607,471	_	_	7,792	_	_	_	6,585,720
1,575,005	_	10,030	1,173,007	007,471	4,505,244	_	7,772	_		_	6,818,661
					-,505,2	_			_	_	1,708,431
			740,430		_	_	_	125,504	_	131,804	7,716,735
			740,430		_	_		123,304	103,892	131,004	4,292,711
_		_	_	_	_	_	_	_	103,072	_	8,757,149
	7,878,037		_	_		_				_	7,878,037
1,593,665	7,878,037		1,936,317	607,471	4,505,244		7,792	125,504	103,892	131,804	43,757,444
1,373,003	7,070,037		1,730,317	007,471	4,303,244		1,172	123,304	103,672	131,004	+3,737,+++
_	(5,148,008	(13,621)	1,280,923	(587,970)	5,904	81	(7,792)	53,927	8,960	(124,702)	(14,883,700)
	(2,1 :0,000	(10,021)	1,200,>20	(807,570)	2,50.		(1,122)	22,52.	0,200	(12:,7:02)	(1.,000,700)
_	5,113,318	_	_	650,000	751,048	_	_	_	_	_	16,754,229
_	-	-	(761,554)	(961,944)	-	-	-	-	-	(45,574)	(3,205,400)
_	26,170	-	-		-	-	-	-	1,977		157,816
-	5,139,488	-	(761,554)	(311,944)	751,048	-	-	-	1,977	(45,574)	13,706,645
					-						
-	(8,520	(13,621)	519,369	(899,914)	756,952	81	(7,792)	53,927	10,937	(170,276)	(1,177,055)
		/		,	*		,	,	,		, ,
-	1,825,215	299,229	2,150,009	1,865,118	3,687,418	5,129	-	389,966	261,455	570,097	20,823,311
									·——-		
	1,816,695	285,608	2,669,378	965,204	4,444,370	5,210	(7,792)	443,893	272,392	399,821	19,646,256

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NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are established to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

<u>Tax Allocation Projects Debt Service Fund</u> - To accumulate resources for payment of principal and interest on the various outstanding tax allocation bonds. Resources are derived from additional taxes generated by the specific properties upon completion of the Redevelopment Projects.

<u>Bond Interest And Redemption Fund</u> - To accumulate resources derived from an annual tax levy for payment of principal and interest on several general obligation bond issues and capital leases outstanding as follows:

- 1997 Storm Sewer and Drainage System Bonds
- 1999A Various Purpose Bonds
- 1999B Various Purpose Bonds
- 2001 Certificates of Participation Health Lease
- 2002 Storm Sewer and Drainage System Bonds
- 2003 Various Purpose Bonds

<u>Tax Supported Bonds Fund</u> – includes bonded debt funds as follows:

MIRF Bond Debt Fund – To accumulate resources for payment of principal and interest on the Municipal Infrastructure Redevelopment Fund Bonds, Series 2000. The bonds are payable from amounts received by the City from the State of Nebraska MIRF fund established pursuant to the MIRF Act (Chapter 18, Article 26, Reissue Revised Statutes of Nebraska, as amended), which provides annual appropriations from an imposed cigarette tax.

Antelope Valley Debt Fund – To accumulate resources for payment of principal and interest on the Tax Supported Antelope Valley Project Bonds, Series 2002. The bonds are payable from amounts received from the State of Nebraska City of the Primary Class Development Fund, established pursuant to Chapter 19, article 1, Reissue Revised Statutes of Nebraska, which provides annual appropriations from an imposed cigarette tax, and from the sales tax receipts of the City pledged to the payment of the bonds as needed.

<u>Special Assessment Fund</u> - To accumulate resources for payment of principal and interest on the various outstanding special assessment bond issues. Income is derived from special assessment tax collections, interest on special assessment taxes and interest from investments.

SUBCOMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS AUGUST 31, 2003

Tax Allocation Projects Debt Service	Bond Interest And Redemption	Tax Supported Bonds	Special Assessment	Total
\$ 743,337 3,193,017	1,038,559 4,470,956	537,644 2,312,374	1,099,796 4,730,938	3,419,336 14,707,285
92,940 16,223	812,021 20,596 - 854	12,140 - 166,667	25,289 3,517,981	904,961 74,248 3,517,981 167,521
4,045,517	6,342,986	3,028,825	9,374,004	22,791,332
- - - -	169,002 10,000 1,668 180,670	- - - -	3,312,705 55,000 37,582 3,405,287	3,481,707 65,000 39,250 3,585,957
4,045,517	6,162,316	2,862,158 166,667 3,028,825	5,968,717 5,968,717	13,069,991 6,135,384 19,205,375 22,791,332
	Allocation Projects Debt Service \$ 743,337 3,193,017 bles): 92,940 16,223	Allocation Projects Debt Interest And Redemption \$ 743,337 1,038,559 3,193,017 4,470,956 bles): 92,940 812,021 16,223 20,596	Allocation Projects Debt Interest And Service \$ 743,337 1,038,559 537,644 3,193,017 4,470,956 2,312,374 bles): 92,940 812,021 - 16,223 20,596 12,140 - 854 166,667 4,045,517 6,342,986 3,028,825 4,045,517 6,162,316 2,862,158 - 4,045,517 6,162,316 3,028,825 4,045,517 6,162,316 3,028,825 4,045,517 6,162,316 3,028,825	Allocation Projects Debt Interest And Supported Service Redemption Bonds Special \$ 743,337

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Tax				
	Allocation	Bond	Tax		
	Projects	Interest And	Supported	Special	
	Debt Service	Redemption	Bonds	Assessment	Total
Revenues:					
Real Property and Personal Property Tax	\$ 1,253,792	5,979,816	-	-	7,233,608
Sundry and In Lieu Tax	-	5,528	-	-	5,528
Special Assessment	-	-	-	1,592,973	1,592,973
Special Assessment Interest	-	-	-	353,589	353,589
Intergovernmental	-	168,950	1,517,989	-	1,686,939
Investment Earnings	52,849	76,316	39,294	96,372	264,831
Miscellaneous		50,000			50,000
Total Revenues	1,306,641	6,280,610	1,557,283	2,042,934	11,187,468
Expenditures Debt Service:					
Principal Retirement	592,605	4,177,765	560,000	105,000	5,435,370
Interest	79,195	2,309,084	580,821	17,534	2,986,634
Fiscal Charges	1,224	4,174	950	940	7,288
Capital Lease Principal	-	62,907	-	-	62,907
Capital Lease Interest	-	7,582	-	-	7,582
Miscellaneous		7,000		442	7,442
Total Expenditures	673,024	6,568,512	1,141,771	123,916	8,507,223
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	633,617	(287,902)	415,512	1,919,018	2,680,245
Other Financing Sources (Uses):					
Transfers In	119,394	85,816	-	-	205,210
Transfers Out	(365,000)	-	-	(650,000)	(1,015,000)
Bonds Issued	-	9,436,083	-	-	9,436,083
Transfer To Bond Refunding Agent	-	(9,598,350)	-	-	(9,598,350)
Total Other Financing Sources (Uses)	(245,606)	(76,451)		(650,000)	(972,057)
Net Change in Fund Balances	388,011	(364,353)	415,512	1,269,018	1,708,188
Fund Balances - Beginning	3,657,506	6,526,669	2,613,313	4,699,699	17,497,187
Fund Balances - Ending	\$ 4,045,517	6,162,316	3,028,825	5,968,717	19,205,375

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for all resources received and used for the acquisition or development of major capital improvements (other than those financed by proprietary funds and trust funds).

<u>Storm Sewer Construction Fund</u> - To account for the cost of improving and extending storm sewers. Financing is provided through property tax revenue.

<u>Vehicle Tax Fund</u> - To account for monies derived from the payment of wheel tax which is to be used for street improvements in the City.

1991 G. O. Various Purpose Bonds Fund - To account for the cost of providing improvements to the City's existing library system, including the expansion and equipping of Gere Branch Library and to purchase and equip a new bookmobile; and providing improvements to the City's existing storm sewer and drainage system. Financing is provided by general obligation bonds.

<u>Downtown Redevelopment Project Fund</u> - To account for the cost of acquiring real property and development within the area included in the Lincoln Center Retail Revitalization/Redevelopment Project. Financing is provided by general obligation bonds.

<u>Storm Sewer Bonds Fund</u> - To account for the cost of providing improvements and extensions to the City's storm water sewer and drainage system. Financing is to be provided by a combination of general obligation bond issue proceeds, tax increment financing and reimbursement funds from the Federal Emergency Management Agency.

1995 G.O. Various Purpose Bonds Fund - To account for the cost of constructing a new fire station; constructing a classroom addition to the existing fire training center; remodeling and expanding Fire Station #12; replacing three aerial fire trucks; acquiring a hazardous materials command vehicle; acquiring various fire equipment; and upgrading and enhancing the City's 800 Mhz trunked radio system. Financing is provided by general obligation bonds.

<u>1999 G.O. Various Purpose Bonds Fund</u> - To account for the cost of financing, acquiring, and improving interactive recreational facilities for children and families, referred to as the Children's Museum; financing the construction and equipping of two new park and recreational facilities; and financing construction and equipping of two public libraries and necessary site improvements.

<u>2002 Antelope Valley Bonds</u> – To account for the costs of funding portions of new stormwater, transportation, and community revitalization strategies incorporated into the Antelope Valley Project. Financing is provided by tax supported bonds.

Other Capital Projects Fund - To account for the cost of acquiring or improving various general fixed assets. Financing is provided from a variety of sources, such as General fund appropriations, revenue sharing, federal/state grants, bond proceeds, etc.

<u>Special Assessment Fund</u> - To account for the cost of capital improvements to be assessed against benefited properties. Resources are derived from fund transfers from the Special Revenue fund type and interest on investments.

SUBCOMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS AUGUST 31, 2003

	Storm Sewer Construction		Vehicle Tax	1991 G.O. Various Purpose Bonds	Downtown Redevelopment Project	
ASSETS						
Cash and Cash Equivalents	\$	13,487	113,850	8,699	25,951	
Investments		62,249	454,053	34,787	115,344	
Accrued Interest Receivable	-		25,178	193	623	
Due from Other Funds	714,288		-	-	-	
Due from Other Governments	-		629,708	-	-	
Assets Held for Resale						
Total Assets		790,024	1,222,789	43,679	141,918	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable		67,011	-	-	-	
Contracts Payable		78,389	-	-	-	
Retainages Payable		-	-	-	-	
Due to Other Governments						
Total Liabilities		145,400				
Fund Balances:						
Reserved for Encumbrances		644,624	-	-	-	
Reserved for Resale Assets		-	-	-	-	
Unreserved, Undesignated		<u>-</u>	1,222,789	43,679	141,918	
Total Fund Balances		644,624	1,222,789	43,679	141,918	
Total Liabilities and Fund Balances	\$	790,024	1,222,789	43,679	141,918	

G.	1995 G.O.	1999 G.O.	2002	0.1		
Storm Sewer	Various Purpose	Various Purpose	2002 Antelope	Other Capital	Special	
Bonds	Bonds	Bonds	Valley Bonds	Projects	Assessment	Total
Donus	Bolius	Donds	vancy Bonds	Trojects	Assessment	Total
3,090,479		491,152	1,208,425	242,961		5,195,004
13,585,971	-	2,109,149	5,500,902	1,028,942	-	22,891,397
	-				-	
37,684	-	10,395	6,878	10,514	76.260	91,465
-	-	-	-	-	76,268	790,556
-	-	-	-	-	-	629,708
				793,575		793,575
16,714,134		2,610,696	6,716,205	2,075,992	76,268	30,391,705
136,527	-	84	1,471,982	192,367	72,596	1,940,567
16,172	-	-	_	616,000	-	710,561
15,585	_	-	_	19,136	3,672	38,393
-	-	-	-	6,763	-	6,763
168,284	-	84	1,471,982	834,266	76,268	2,696,284
916,838	-	14,752	-	448,151	-	2,024,365
-	-	-	-	793,575	-	793,575
15,629,012	-	2,595,860	5,244,223	-	-	24,877,481
16,545,850		2,610,612	5,244,223	1,241,726		27,695,421
16,714,134		2,610,696	6,716,205	2,075,992	76,268	30,391,705

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Co	Storm Sewer onstruction	Vehicle Tax	1991 G.O. Various Purpose Bonds	Downtown Redevelopment Project
Revenues:					
Wheel Tax	\$	-	6,771,418	-	-
Intergovernmental		129,795	-	-	-
Investment Earnings		-	84,936	666	2,192
Donations		-	-	-	-
Rental Income		-	-	-	-
Miscellaneous		128	_		
Total Revenues		129,923	6,856,354	666	2,192
F					
Expenditures Capital Outlay: General Government					
Public Safety		-	-	-	-
Streets and Highways		479,889	21	-	-
Culture and Recreation		479,009	21	-	-
Economic Opportunity		_	-	_	-
Equipment Maintenance		_	_	_	_
Total Expenditures		479,889	21		·
Total Expenditures	-	477,007			-
Excess (Deficiency) of Revenues					
Over (Under) Expenditures		(349,966)	6,856,333	666	2,192
•					
Other Financing Sources (Uses):					
Transfers In		714,288	-	-	40,740
Transfers Out		-	(7,520,400)	-	-
Bonds Issued		-	-	-	-
Premiums / (Discounts) on Bonds Issued		-	-	-	-
Sale of Capital Assets					<u> </u>
Total Other Financing Sources (Uses)		714,288	(7,520,400)		40,740
Net Change in Fund Balances		364,322	(664,067)	666	42,932
Fund Balances - Beginning		280,302	1,886,856	43,013	98,986
Fund Balances - Ending	\$	644,624	1,222,789	43,679	141,918

Storm	1995 G.O. Various	1999 G.O. Various	2002	Other	Constal	
Sewer Bonds	Purpose Bonds	Purpose Bonds	Antelope Valley Bonds	Capital Projects	Special Assessment	Total
Donus	Donus	Dollas	valley Bolius	Flojects	Assessment	Total
-	-	-	-	-	-	6,771,418
-	-	-	-	281,069	-	410,864
123,817	3	36,063	83,104	40,557	-	371,338
-	-	-	-	304,502	-	304,502
-	-	_	-	3,550	-	3,550
-	-	_	-	-	-	128
123,817	3	36,063	83,104	629,678	_	7,861,800
_	_	_	_	78,009	_	78,009
_	6	_	_	141,469	_	141,475
926,546	-	_	5,378,951	186,315	1,059,051	8,030,773
720,540	_	148,187	3,370,731	1,792,239	1,032,031	1,940,426
_	_	140,107	_	3,082,403	_	3,082,403
_	_	_	_	12,151	_	12,151
926,546	6	148,187	5,378,951	5,292,586	1,059,051	13,285,237
720,340		140,107	3,370,731	3,272,300	1,037,031	13,203,237
(802,729)	(3)	(112,124)	(5,295,847)	(4,662,908)	(1,059,051)	(5,423,437)
-	-	2,639	-	3,178,131	1,059,051	4,994,849
-	(8,720)	-	-	(1,461,164)	-	(8,990,284)
9,868,917	-	_	_	42,418	_	9,911,335
247,703	-	_	_	-	_	247,703
-	-	_	_	616,569	_	616,569
10,116,620	(8,720)	2,639		2,375,954	1,059,051	6,780,172
9,313,891	(8,723)	(109,485)	(5,295,847)	(2,286,954)	-	1,356,735
7,231,959	8,723	2,720,097	10,540,070	3,528,680		26,338,686
16,545,850		2,610,612	5,244,223	1,241,726		27,695,421

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ATHLETIC FIELD & FACILITIES IMPROVEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

	_	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Recreation Receipts	\$	90,000	90,000	73,661	(16,339)
Investment Earnings		-	-	7,896	7,896
Miscellaneous		-	-	34	34
Total Revenues		90,000	90,000	81,591	(8,409)
Other Financing Uses: Transfers Out	_	(481,826)	(481,826)	(230,696)	251,130
Net Change in Fund Balances		(391,826)	(391,826)	(149,105)	242,721
Fund Balances - Beginning	_	532,202	532,202	532,202	
Fund Balances - Ending	\$_	140,376	140,376	383,097	242,721

CABLE ACCESS TELEVISION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted A	amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Investment Earnings	\$_	59,752	59,752	399	(59,353)
Expenditures General Government:					
Materials and Supplies		1,820	1,820	871	949
Other Services and Charges		22,932	22,932	24,905	(1,973)
Capital Outlay		-	-	925	(925)
Total Expenditures		24,752	24,752	26,701	(1,949)
Excess (Deficiency) of Revenues Over (Under) Expenditures		35,000	35,000	(26,302)	(61,302)
Other Financing Uses:					
Transfers Out	_	(35,000)	(35,000)	(7,645)	27,355
Net Change in Fund Balances		-	-	(33,947)	(33,947)
Fund Balances - Beginning	_	33,947	33,947	33,947	
Fund Balances - Ending	\$_	33,947	33,947		(33,947)

LINCOLN CITY LIBRARIES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	-	Original	Final	Amounts	(Negative)
	-				(** 8 ** * *)
Revenues:					
Real Property and Personal Property Tax	\$	5,359,569	5,359,569	5,759,700	400,131
Intergovernmental		586,372	586,372	586,372	-
Permits and Fees		299,000	299,000	344,360	45,360
Reimbursement for Services		2,200	2,200	-	(2,200)
Investment Earnings		24,249	24,249	17,159	(7,090)
Miscellaneous		13,120	13,120	9,260	(3,860)
Total Revenues	-	6,284,510	6,284,510	6,716,851	432,341
	-	_			
Expenditures Culture and Recreation:					
Personal Services		4,820,362	4,820,362	4,771,862	48,500
Materials and Supplies		212,634	212,634	210,227	2,407
Other Services and Charges		1,086,206	1,063,206	871,689	191,517
Capital Outlay	_	866,683	866,683	853,099	13,584
Total Expenditures		6,985,885	6,962,885	6,706,877	256,008
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	_	(701,375)	(678,375)	9,974	688,349
Other Financing Sources (Uses):					
Transfers Out		-	(23,000)	(13,330)	9,670
Sale of Capital Assets	_	500	500	213	(287)
Total Other Financing Sources (Uses)	-	500	(22,500)	(13,117)	9,383
Net Change in Fund Balances		(700,875)	(700,875)	(3,143)	697,732
Fund Balances - Beginning	-	2,643,515	2,643,515	2,643,515	
Fund Balances - Ending	\$	1,942,640	1,942,640	2,640,372	697,732

LINCOLN AREA AGENCY ON AGING FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
	Oligiliai	1 mai	7 tinounts	(regarive)
Revenues:				
Intergovernmental \$	1,117,855	1,117,855	1,159,658	41,803
Permits and Fees	135,402	135,402	115,308	(20,094)
Reimbursement for Services	12,912	12,912	16,100	3,188
Client Contributions	154,330	154,330	149,593	(4,737)
Investment Earnings	-	-	8,999	8,999
Donations	2,577	2,577	45	(2,532)
Miscellaneous	24,762	24,762	3,988	(20,774)
Total Revenues	1,447,838	1,447,838	1,453,691	5,853
Expenditures Economic Opportunity:				
Personal Services	2,686,211	2,686,211	2,654,423	31,788
Materials and Supplies	299,533	300,278	312,634	(12,356)
Other Services and Charges	1,356,393	1,358,148	1,102,610	255,538
Capital Outlay	6,800	16,800	122,199	(105,399)
Total Expenditures	4,348,937	4,361,437	4,191,866	169,571
Deficiency of Revenues Under Expenditures	s (2,901,099)	(2,913,599)	(2,738,175)	175,424
Other Financing Sources:				
Transfers In	2,842,490	2,842,490	2,857,490	15,000
Sale of Capital Assets	_	_	696	696
Total Other Financing Sources	2,842,490	2,842,490	2,858,186	15,696
Net Change in Fund Balances	(58,609)	(71,109)	120,011	191,120
Fund Balances - Beginning	247,678	247,678	247,678	
Fund Balances - Ending \$	189,069	176,569	367,689	191,120

LINCOLN/LANCASTER COUNTY HEALTH FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
		Original	Final	Amounts	(Negative)
Revenues:					
	\$			164	164
Special Assessment Intergovernmental	Ф	2,222,154	2,222,154	2,125,074	(97,080)
Permits and Fees		2,222,134 2,141,491	2,141,491	2,123,074 2,099,147	(42,344)
Reimbursement for Services		2,141,491	2,141,491	79,396	79,396
Investment Earnings		-	-	1,992	1,992
Donations		-	-	2,000	2,000
Miscellaneous		-	_	56,717	56,717
Total Revenues	_	4,363,645	4,363,645	4,364,490	845
Total Revenues	_	4,303,043	4,303,043	4,304,430	043
Expenditures Health and Welfare:					
Personal Services		6,479,039	6,482,618	6,443,577	39,041
Materials and Supplies		312,227	306,131	287,126	19,005
Other Services and Charges		2,054,030	2,048,126	1,822,142	225,984
Capital Outlay		100,590	112,590	132,077	(19,487)
Total Expenditures		8,945,886	8,949,465	8,684,922	264,543
Deficiency of Revenues Under Expenditure	re:	(4,582,241)	(4,585,820)	(4,320,432)	265,388
Other Financing Sources (Uses):					
Transfers In		4,451,339	4,451,339	4,431,181	(20,158)
Transfers Out		(40,620)	(40,620)	(40,620)	-
Sale of Capital Assets		-	-	187	187
Total Other Financing Sources (Uses)		4,410,719	4,410,719	4,390,748	(19,971)
Net Change in Fund Balances		(171,522)	(175,101)	70,316	245,417
Fund Balances - Beginning	_	430,469	430,469	430,469	
Fund Balances - Ending	\$_	258,947	255,368	500,785	245,417

SNOW REMOVAL FUND

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
	\$	1,049,011	1,049,011	994,259	(54,752)
Investment Earnings	_			16,035	16,035
Total Revenues	_	1,049,011	1,049,011	1,010,294	(38,717)
Expenditures Streets and Highways:					
Personal Services		972,216	972,216	749,894	222,322
Materials and Supplies		150,968	150,968	160,858	(9,890)
Other Services and Charges		946,789	946,789	780,724	166,065
Capital Outlay		44,054	44,054	16,924	27,130
Total Expenditures	_	2,114,027	2,114,027	1,708,400	405,627
•					
Deficiency of Revenues Under Expenditu	ıre_	(1,065,016)	(1,065,016)	(698,106)	366,910
Other Financing Sources (Uses):					
Transfers In		1,045,962	1,045,962	1,071,830	25,868
Transfers Out	_			(362,000)	(362,000)
Total Other Financing Sources (Uses)	_	1,045,962	1,045,962	709,830	(336,132)
Net Change in Fund Balances		(19,054)	(19,054)	11,724	30,778
Fund Balances - Beginning	_	1,430,218	1,430,218	1,430,218	
Fund Balances - Ending	\$_	1,411,164	1,411,164	1,441,942	30,778

911 COMMUNICATION FUND

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
		Original	Final	Amounts	(Negative)
	_				
Revenues:					
Intergovernmental	\$	93,226	93,226	93,226	-
Permits and Fees		947,214	947,214	456,790	(490,424)
Investment Earnings		-	-	701	701
Total Revenues		1,040,440	1,040,440	550,717	(489,723)
Expenditures Public Safety:					
Personal Services		1,911,060	1,911,060	1,891,295	19,765
Materials and Supplies		13,150	13,150	15,813	(2,663)
Other Services and Charges		357,704	357,704	379,071	(21,367)
Capital Outlay		18,858	18,858	8,920	9,938
Total Expenditures		2,300,772	2,300,772	2,295,099	5,673
Deficiency of Revenues Under Expenditure	s	(1,260,332)	(1,260,332)	(1,744,382)	(484,050)
Other Financing Sources (Uses):					
Transfers In		1,290,200	1,290,200	1,290,200	-
Transfers Out	_	(29,868)	(29,868)	(29,868)	
Total Other Financing Sources (Uses)		1,260,332	1,260,332	1,260,332	
Net Change in Fund Balances		-	-	(484,050)	(484,050)
Fund Balances - Beginning	_	382,621	382,621	382,621	
Fund Balances (Deficits) - Ending	\$_	382,621	382,621	(101,429)	(484,050)

SOCIAL SECURITY FUND

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 1,620,607	1,620,607	1,735,811	115,204
Investment Earnings	17,600	17,600	14,893	(2,707)
Total Revenues	1,638,207	1,638,207	1,750,704	112,497
Expenditures General Government:				
Personal Services	1,695,577	1,695,577	1,581,800	113,777
Other Services and Charges	28,615	28,615	30,586	(1,971)
Total Expenditures	1,724,192	1,724,192	1,612,386	111,806
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,985)	(85,985)	138,318	224,303
Fund Balances - Beginning	1,426,359	1,426,359	1,426,359	
Fund Balances - Ending	\$1,340,374	1,340,374	1,564,677	224,303

STARTRAN FUND

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:	Φ 2047 660	2047 660	1 100 651	(610.006)
ε	\$ 2,047,660	2,047,660	1,429,654	(618,006)
Permits and Fees	1,269,262	1,269,262	1,279,954	10,692
Reimbursement for Services	50,000	50,000	39,847	(10,153)
Investment Earnings	-	-	2,135	2,135
Miscellaneous	10,000	10,000	32,778	22,778
Total Revenues	3,376,922	3,376,922	2,784,368	(592,554)
Expenditures Mass Transit:				
Personal Services	5,541,611	5,541,611	5,563,218	(21,607)
Materials and Supplies	810,828	810,828	667,160	143,668
Other Services and Charges	923,697	878,697	911,585	(32,888)
Capital Outlay	696	45,696	687,507	(641,811)
Total Expenditures	7,276,832	7,276,832	7,829,470	(552,638)
Deficiency of Revenues				
Under Expenditures	(3,899,910)	(3,899,910)	(5,045,102)	(1,145,192)
Other Financing Sources:				
Transfers In	5,020,714	5,020,714	5,113,318	92,604
Sale of Capital Assets	500	500	26,170	25,670
Total Other Financing Sources	5,021,214	5,021,214	5,139,488	118,274
Total Other Phaneing Sources	3,021,214	3,021,214	3,139,400	110,274
Net Change in Fund Balances	1,121,304	1,121,304	94,386	(1,026,918)
Fund Balances - Beginning, as Originally Reporte	d 4,322,619	4,322,619	4,322,619	-
Removal of Accruals to Report on the Budget Bas	is <u>-</u>		(2,574,802)	
Fund Balances - Ending	\$5,443,923_	5,443,923	1,842,203	(1,026,918)

UNEMPLOYMENT COMPENSATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Investment Earnings	\$	-	-	4,198	4,198
Expenditures General Government: Unemployment Insurance Payments	_	95,000	95,000	18,036	76,964
Deficiency of Revenues Under Expenditures		(95,000)	(95,000)	(13,838)	81,162
Fund Balances - Beginning	_	299,961	299,961	299,961	
Fund Balances - Ending	\$_	204,961	204,961	286,123	81,162

KENO FUND

	<u>-</u>	Budgeted Original	Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:					
Investment Earnings	\$	-	-	33,373	33,373
Keno Proceeds		2,887,425	2,887,425	3,181,864	294,439
Total Revenues	_	2,887,425	2,887,425	3,215,237	327,812
Expenditures: General Government:					
Other Services and Charges Culture and Recreation:		1,086,500	1,086,500	1,160,214	(73,714)
Capital Outlay		362,732	824,732	815,426	9,306
Total Expenditures	_	1,449,232	1,911,232	1,975,640	(64,408)
Excess of Revenues Over Expenditures		1,438,193	976,193	1,239,597	263,404
Other Financing Uses:					
Transfers Out	_	(2,600,380)	(1,137,256)	(735,993)	401,263
Net Change in Fund Balances		(1,162,187)	(161,063)	503,604	664,667
Fund Balances - Beginning	_	2,299,761	2,299,761	2,299,761	
Fund Balances - Ending	\$_	1,137,574	2,138,698	2,803,365	664,667

BUILDING AND SAFETY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues: Permits and Fees	\$	3,780,283	3,780,283	4,276,462	496,179
Reimbursement for Services	·	-	-	144,910	144,910
Investment Earnings		-	-	93,152	93,152
Miscellaneous		-	-	4,378	4,378
Total Revenues		3,780,283	3,780,283	4,518,902	738,619
Expenditures Public Safety:		_			
Personal Services		3,780,482	3,814,931	3,830,829	(15,898)
Materials and Supplies		61,242	61,742	52,365	9,377
Other Services and Charges		658,548	662,824	579,289	83,535
Capital Outlay	_	33,897	54,997	38,435	16,562
Total Expenditures	_	4,534,169	4,594,494	4,500,918	93,576
Excess (Deficiency) of Revenues Over (Under) Expenditures		(753,886)	(814,211)	17,984	832,195
Other Financing Sources: Transfers In		731,609	731,609	751,048	19,439
Net Change in Fund Balances		(22,277)	(82,602)	769,032	851,634
Fund Balances - Beginning	_	3,846,109	3,846,109	3,846,109	
Fund Balances - Ending	\$_	3,823,832	3,763,507	4,615,141	851,634

LIBRARY SPECIAL TRUST FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Investment Earnings	\$	9,399	9,399	5,495	(3,904)
Donations	_	124,876	124,876		(124,876)
Total Revenues	_	134,275	134,275	5,495	(128,780)
Expenditures Culture and Recreation:		440.450	440.450	100 110	(550)
Personal Services		119,459	119,459	120,119	(660)
Materials and Supplies		1,101	1,101	551	550
Other Services and Charges		3,221	3,221	1,183	2,038
Capital Outlay	_	11,230	11,230	10,363	867
Total Expenditures	_	135,011	135,011	132,216	2,795
Deficiency of Revenues Under Expenditures		(736)	(736)	(126,721)	(125,985)
Other Financing Uses:					
Transfers Out	_	(45,351)	(45,351)	(45,351)	
Net Change in Fund Balances		(46,087)	(46,087)	(172,072)	(125,985)
Amount Not Required to be Budgeted		-	-	1,581	-
Fund Balances - Beginning	_	574,839	574,839	574,839	
Fund Balances - Ending	\$_	528,752	528,752	404,348	(124,404)

TAX ALLOCATION PROJECTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

				Variance with Final Budget
	Budgeted	Amounts	Actual	Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 672,300	672,300	1,224,253	551,953
Investment Earnings	Ψ 072,300	072,300	46,555	46,555
Total Revenues	672,300	672,300	1,270,808	598,508
Total Revenues	072,300	072,300	1,270,000	370,300
Expenditures Debt Service:				
Principal Retirement	592,700	592,700	592,605	95
Interest	79,600	79,600	79,195	405
Fiscal Charges			1,224	(1,224)
Total Expenditures	672,300	672,300	673,024	(724)
Excess of Revenues				
Over Expenditures	_	_	597,784	597,784
Over Expenditures			371,704	371,104
Other Financing Sources (Uses):				
Transfers In	119,394	119,394	119,394	-
Transfers Out	(365,000)	(365,000)	(365,000)	
Total Other Financing Sources (Uses)	(245,606)	(245,606)	(245,606)	_
Net Change in Fund Balances	(245,606)	(245,606)	352,178	597,784
Fund Balances - Beginning	3,280,930	3,280,930	3,280,930	
Fund Balances - Ending	\$ 3,035,324	3,035,324	3,633,108	597,784

BOND INTEREST AND REDEMPTION DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

					Variance with Final Budget
		Budgeted	Amounts	Actual	Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Real Property and Personal Property Tax	\$	5,438,516	5,438,516	5,883,592	445,076
Sundry and In Lieu Tax		7,183	7,183	5,833	(1,350)
Intergovernmental		168,950	168,950	168,950	-
Investment Earnings		37,693	37,693	57,298	19,605
Miscellaneous		1,000	1,000	50,000	49,000
Total Revenues	_	5,653,342	5,653,342	6,165,673	512,331
Expenditures Debt Service:					
Principal Retirement		4,178,000	4,178,000	4,177,765	235
Interest		2,349,000	2,349,000	2,309,084	39,916
Fiscal Charges		-	_	4,424	(4,424)
Capital Lease Principal		62,907	62,907	62,907	-
Capital Lease Interest		7,581	7,581	7,581	-
Miscellaneous		-	_	7,000	(7,000)
Total Expenditures	-	6,597,488	6,597,488	6,568,761	28,727
Deficiency of Revenues					
Under Expenditures	_	(944,146)	(944,146)	(403,088)	541,058
Other Financing Sources (Uses):					
Transfers In		70,488	70,488	85,816	15,328
Refunding Bond Proceeds		9,436,083	9,436,083	9,436,083	· -
Transfers To Bond Refunding Agent		(9,598,350)	(9,598,350)	(9,598,350)	-
Total Other Financing Sources (Uses)	-	(91,779)	(91,779)	(76,451)	15,328
Net Change in Fund Balances		(1,035,925)	(1,035,925)	(479,539)	556,386
Fund Balances - Beginning	_	6,787,153	6,787,153	6,787,153	
Fund Balances - Ending	\$_	5,751,228	5,751,228	6,307,614	556,386

TAX SUPPORTED BONDS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

	Dudgetee	1 Amounts	Actual	Variance with Final Budget Positive
		d Amounts		
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	\$ 426,000	426,000	1,517,989	1,091,989
Investment Earnings	-	-	42,089	42,089
Total Revenues	426,000	426,000	1,560,078	1,134,078
Expenditures Debt Service:				
Principal Retirement	290,000	290,000	560,000	(270,000)
Interest	136,000	136,000	580,821	(444,821)
Fiscal Charges			950	(950)
Total Expenditures	426,000	426,000	1,141,771	(715,771)
Excess of Revenues				
Over Expenditures	-	-	418,307	418,307
Other Financing Uses:				
Transfers Out	(500,000)	(500,000)	(500,000)	
Net Change in Fund Balances	(500,000)	(500,000)	(81,693)	418,307
Fund Balances - Beginning	2,926,512	2,926,512	2,926,512	
Fund Balances - Ending	\$_2,426,512	2,426,512	2,844,819	418,307

COMMUNITY HEALTH PERMANENT ENDOWMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2003

	_	Budgeted Original	Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	_	Original	Tillal	Amounts	(Negative)
Revenues:					
Intergovernmental	\$	-	-	22,500	22,500
Investment Earnings		2,023,236	2,023,236	2,467,547	444,311
Donations		-	-	25,725	25,725
Miscellaneous		-	-	11,559	11,559
Total Revenues	_	2,023,236	2,023,236	2,527,331	504,095
Expenditures Health and Welfare:					
Personal Services		181,144	181,144	168,190	12,954
Materials and Supplies		9,000	9,000	3,462	5,538
Other Services and Charges		333,092	333,092	255,619	77,473
Capital Outlay		-	-	5,709	(5,709)
Grants		2,217,972	2,324,816	1,510,146	814,670
Total Expenditures	_	2,741,208	2,848,052	1,943,126	904,926
Excess (Deficiency) of Revenues					
Over (Under) Expenditures		(717,972)	(824,816)	584,205	1,409,021
Fund Balances - Beginning	_	43,424,191	43,424,191	43,424,191	
Fund Balances - Ending	\$_	42,706,219	42,599,375	44,008,396	1,409,021

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services are recovered primarily through user charges and where periodic determination of net income is appropriate.

<u>Parking Lot Revolving Fund</u> - To account for the revenues and expenses of several City-owned parking lots.

<u>Golf Fund</u> - To account for the revenues and expenses of the four public adult golf courses and one youth golf course.

<u>Parking Facilities Fund</u> - To account for the revenues and expenses of seven downtown parking garages: Carriage Park, Que Place, Center Park, Cornhusker Square, University Square, Market Place, and Haymarket.

<u>Pershing Municipal Auditorium Fund</u> - To account for the revenues and expenses of the Cityowned municipal auditorium.

 $\underline{Sanitary\ Landfill\ Revenue\ Fund}$ - To account for the revenues and expenses of the City-owned landfill.

<u>Emergency Medical Services Fund</u> - To account for the revenues and expenses of the City-operated emergency and non-emergency ambulance service.

CITY OF LINCOLN, NEBRASKA COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS AUGUST 31, 2003

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Sanitary Landfill	Emergency Medical Services	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 241,001	5,639	591,202	237,762	1,255,060	_	2,330,664
Investments	1,019,788	86,050	2,165,905	3,662	6,436,307	_	9,711,712
Accounts Receivable (Net of Allowance for Uncollectibles)	-	49,447	4,211	53,845	872,555	1,157,228	2,137,286
Accrued Interest Receivable	5,509	-	10,989	45	40,823	-	57,366
Due from Other Funds	-	-	-	-	10,421	-	10,421
Due from Other Governments	-	-	-	-	4,064	-	4,064
Inventories	-	46,952	-	15,625	-	92,639	155,216
Prepaid Expenses	1,266,298	100,000	2 772 207	41,228	9 (10 220	5,331	46,559
Total Current Assets Noncurrent Assets:	1,200,298	188,088	2,772,307	352,167	8,619,230	1,255,198	14,453,288
Restricted Assets:							
Cash and Cash Equivalents	_	91,164	437,008	216,675	_	_	744,847
Investments	_	397,296	2,878,156	-	_	_	3,275,452
Accounts Receivable	-	14,958	-	-	-	_	14,958
Accrued Interest Receivable	-	1,975	31,646	-	-	_	33,621
Total Restricted Assets	-	505,393	3,346,810	216,675			4,068,878
Deferred Charges	-	62,685	530,361			10,295	603,341
Capital Assets:							
Land	320,200	1,082,623	4,267,844	46,500	1,942,957	-	7,660,124
Buildings	9,765	2,522,206	40,905,673	4,337,825	1,304,907	-	49,080,376
Improvements Other Than Buildings	287,149	6,902,153	226,428	179,024	14,650,357	-	22,245,111
Machinery and Equipment	32,773	1,904,201	751,433	765,790	4,842,882	1,231,207	9,528,286
Construction in Progress Less Accumulated Depreciation	(110.755)	52,967	(0.250.276)	(4.716.610)	1,925,977	(421.461)	1,978,944
Total Capital Assets, Net	(110,755) 539,132	(4,448,316) 8,015,834	(9,250,376)	(4,716,619) 612,520	(8,804,537) 15,862,543	(421,461) 809,746	(27,752,064) 62,740,777
Total Assets	1,805,430	8,772,000	43,550,480	1,181,362	24,481,773	2,075,239	81,866,284
Total Assets	1,005,450	8,772,000	43,330,460	1,101,302	24,401,773	2,073,237	61,600,264
LIABILITIES							
Current Liabilities (Payable from Current Assets):							
Accounts Payable	2,612	232,683	239,556	28,996	1,421,188	118,079	2,043,114
Accrued Liabilities	-	58,277	3,565	13,288	52,413	91,493	219,036
Accrued Compensated Absences	-	58,921	3,538	-	46,640	106,728	215,827
Due to Other Funds	10	7,209	1,411	143,419	4,812	300,000	456,861
Due to Other Governments	-	30,196	474	14,365	53,449	206	98,690
Unearned Revenue	-	32,611	-	95,065	-	-	127,676
Accrued Interest	- 15 401	4,078	-	-	=	1,541	5,619
Current Portion of Capital Lease	20.023	117,211	248,544	295,133	1,578,502	165,000	299,612
Total Current Liabilities (Payable from Current Assets) Current Liabilities (Payable from Restricted Assets):	20,023	541,186	248,344	295,133	1,578,502	783,047	3,466,435
Accounts Payable	_	25,935	2	_	_	_	25,937
Arbitrage Rebate	_	23,733	40,666	_	_	_	40,666
Accrued Interest	_	3,817	37,837	_	_	_	41,654
Current Portion of Revenue Bonds	-	290,000	1,145,000	-	-	_	1,435,000
Total Current Liabilities (Payable from Restricted Assets)	-	319,752	1,223,505				1,543,257
Noncurrent Liabilities:							
Due to Other Funds	-	-	-	-	-	608,106	608,106
Accrued Compensated Absences	-	10,425	17	-	11,438	-	21,880
Long-Term Debt, Net	-	2,249,527	17,040,000	-	-	-	19,289,527
Capital Lease Payable	78,096	246,386	-	-	-	725,000	1,049,482
Accrued Landfill Closure/Postclosure Care Costs					6,244,000		6,244,000
Total Noncurrent Liabilities	78,096	2,506,338	17,040,017	- 205 122	6,255,438	1,333,106	27,212,995
Total Liabilities	98,119	3,367,276	18,512,066	295,133	7,833,940	2,116,153	32,222,687
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	443,635	5,175,395	19,246,363	612,520	15,862,543	(69,959)	41,270,497
Restricted for:	++ 5,055	3,113,373	17,240,303	012,320	13,002,343	(07,737)	71,2/0,47/
Debt Service	_	316,500	2,031,017	_	_	_	2,347,517
Capital Projects	_	159,140	1,237,287	189,775	-	_	1,586,202
Other	-			26,900	-	_	26,900
Unrestricted	1,263,676	(246,311)	2,523,747	57,034	785,290	29,045	4,412,481
Total Net Assets	\$ 1,707,311	5,404,724	25,038,414	886,229	16,647,833	(40,914)	49,643,597

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Sanitary Landfill	Emergency Medical Services	Total
Operating Revenues							
Charges for Services	\$ -	-	-	-	-	3,923,268	3,923,268
Fees	-	2,586,962	-	-	5,735,258	-	8,322,220
Parking Facility Revenue	208,155	-	5,027,883	-	-	-	5,236,038
Performance Revenue	-	-	-	1,674,027	-	-	1,674,027
Other Operating Revenue		54,032	7,681	38,087	153,255		253,055
Total Operating Revenues	208,155	2,640,994	5,035,564	1,712,114	5,888,513	3,923,268	19,408,608
Operating Expenses							
Personal Services	-	1,283,855	98,218	956,301	1,444,202	2,685,898	6,468,474
Contractual Services	17,767	48,178	1,486,835	-	415,535	571,638	2,539,953
Operation and Maintenance	136,717	1,076,914	719,579	1,233,009	1,214,808	411,170	4,792,197
Depreciation	21,881	532,063	1,028,433	152,576	1,315,319	176,113	3,226,385
Total Operating Expenses	176,365	2,941,010	3,333,065	2,341,886	4,389,864	3,844,819	17,027,009
Operating Income (Loss)	31,790	(300,016)	1,702,499	(629,772)	1,498,649	78,449	2,381,599
Nonoperating Revenues (Expenses)							
Investment Earnings	18,922	7,558	117,676	539	143,706	-	288,401
Gain on Disposal of Capital Assets	-	-	-	-	71,768	-	71,768
Amortization of Deferred Charges	-	(11,195)	(33,259)	-	-	(2,331)	(46,785)
Interest Expense and Fiscal Charges	(7,857)	(112,662)	(962,064)			(57,861)	(1,140,444)
Total Nonoperating Revenues (Expenses)	11,065	(116,299)	(877,647)	539	215,474	(60,192)	(827,060)
Income (Loss) Before Capital							
Contributions and Transfers	42,855	(416,315)	824,852	(629,233)	1,714,123	18,257	1,554,539
Capital Contributions	-	134,363	-	-	106,575	-	240,938
Transfers In	-	-	942,239	443,158	-	-	1,385,397
Transfers Out	(21,132)	-	-	-	(407,782)	-	(428,914)
Change in Net Assets	21,723	(281,952)	1,767,091	(186,075)	1,412,916	18,257	2,751,960
Net Assets - Beginning	1,685,588	5,686,676	23,271,323	1,072,304	15,234,917	(59,171)	46,891,637
Net Assets - Ending	\$ 1,707,311	5,404,724	25,038,414	886,229	16,647,833	(40,914)	49,643,597

CITY OF LINCOLN, NEBRASKA COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Sanitary Landfill	Emergency Medical Services	Total
Cook Flows from Operating Activities							
Cash Flows from Operating Activities Receipts from Customers and Users	\$ 208,155	2,566,368	5,024,595	1,709,705	5,474,356	3,764,932	18,748,111
Receipts from Interfund Services Provided	- 200,133	467	15	1,551	215,380	-	217,413
Payments to Suppliers for Goods and Services	(147,444)	(643,164)	(1,778,992)	(1,304,150)	(1,718,345)	(626,365)	(6,218,460)
Payments to Employees	-	(1,281,806)	(96,871)	(959,218)	(1,453,683)	(2,683,605)	(6,475,183)
Payments for Interfund Services Provided	(9,212)	(337,232)	(321,928)	-	(251,816)	(356,698)	(1,276,886)
Other Receipts Net Cash Provided (Used) by Operating Activities	51,499	54,032 358,665	7,681 2,834,500	(514,025)	153,255 2,419,147	98,264	253,055 5,248,050
Net Cash Hovided (Osed) by Operating Activities	31,477	338,003	2,034,300	(314,023)	2,417,147	70,204	3,240,030
Cash Flows from Noncapital Financing Activities							
Transfers from Other Funds	-	-	942,239	388,000	-	-	1,330,239
Transfers to Other Funds	(21,132)	-	-	-	(407,782)	- 541 521	(428,914)
Advance from General Fund Payment to General Fund	_	_	-	-	-	541,531 (422,308)	541,531 (422,308)
Interest Paid to General Fund	_	-	-	-	-	(16,132)	(16,132)
Net Cash Provided (Used)						(10,102)	(==,===)
by Non-Capital Financing Activities	(21,132)		942,239	388,000	(407,782)	103,091	1,004,416
Cook Flows from Conital and Deleted Financine Activity	laa						
Cash Flows from Capital and Related Financing Activities Additions to Capital Assets	(25,629)	(316,157)	(1,175,341)	_	(915,173)	_	(2,432,300)
Proceeds from Sale of Capital Assets	(23,027)	(310,137)	(1,175,541)	-	72,505	- -	72,505
Principal Payments of Capital Lease	(16,143)	(113,395)	-	-	-	-	(129,538)
Principal Payments of Capital Debt	-	(280,000)	(1,085,000)	-	-	(160,000)	(1,525,000)
Interest Paid and Fiscal Charges	(7,857)	(114,219)	(966,629)		- (0.15 - 70)	(41,355)	(1,130,060)
Net Cash Used by Capital and Related Financing Activity	ties (49,629)	(823,771)	(3,226,970)		(842,668)	(201,355)	(5,144,393)
Cash Flows from Investing Activities							
Proceeds from Sale and Maturities of Investments	145,841	222,098	2,701,800	524	5,396,097	-	8,466,360
Purchases of Investments	(1,168,995)	(554,066)	(5,008,167)	(4,198)	(6,395,450)	-	(13,130,876)
Interest and Other Receipts	21,638	11,839	145,532	(2.028)	159,709		339,364
Net Cash Used by Investing Activities	(1,001,516)	(320,129)	(2,160,835)	(3,028)	(839,644)		(4,325,152)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,020,778)	(785,235)	(1,611,066)	(129,053)	329,053	_	(3,217,079)
Cash and Cash Equivalents - Beginning	1,261,779	882,038	2,639,276	583,490	926,007	-	6,292,590
Cash and Cash Equivalents - Ending	\$ 241,001	96,803	1,028,210	454,437	1,255,060		3,075,511
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating Income (Loss)	\$ 31,790	(300,016)	1,702,499	(629,772)	1,498,649	78,449	2,381,599
Adjustments to Reconcile Operating Income (Loss) to	<u> </u>						
Net Cash Provided (Used) by Operating Activities:							
Depreciation Changes in Assets and Liabilities:	21,881	532,063	1,028,433	152,576	1,315,319	176,113	3,226,385
Accounts Receivable and Unbilled Revenues	_	(28,401)	(3,273)	(4,173)	(50,276)	(58,336)	(144,459)
Due from Other Funds	-	(20,101)	(3,273)	(1,175)	2,116	(50,550)	2,116
Due from Other Governments	-	-	-	-	2,638	-	2,638
Inventories	-	31,425	-	4,351	-	(26,280)	9,496
Prepaid Expenses	(2.177)	112 609	105 527	51,100	- (5.271)	12,795	63,895
Accounts Payable Accrued Liabilities	(2,177)	112,698 964	105,537 235	(115,072) (2,917)	(5,271) (1,697)	(103,643) (13,017)	(7,928) (16,432)
Accrued Compensated Absences	_	1,085	1,112	(2,517)	(7,784)	15,310	9,723
Due to Other Funds	10	(2,535)	(191)	50	2,743	16,887	16,964
Due to Other Governments	(5)	3,108	148	(11,570)	(15,290)	(14)	(23,623)
Unearned Revenue	-	8,274	-	41,402	(222.000)	-	49,676
Accrued Landfill Closure/Postclosure Care Costs Total Adjustments	19,709	658,681	1,132,001	115,747	<u>(322,000)</u> <u>920,498</u>	19,815	(322,000) 2,866,451
Net Cash Provided (Used) by Operating Activities	\$ 51,499	358,665	2,834,500	(514,025)	2,419,147	98,264	5,248,050
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:							
Contribution of Capital Assets	\$ -	134,363	-	-	106,575	-	240,938
Purchase of Capital Assets on Account		25,935		-	1,344,210	-	1,370,145
Change in Fair Value of Investments	(3,366)	(1,595)	(13,431)	(12)	(29,762)		(48,166)

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for the financing of goods or services rendered by one department or agency to other departments or agencies or to other governmental units on a cost-reimbursement basis.

<u>Information Services Fund</u> - To account for the cost of operating a central data processing facility for the City of Lincoln and Lancaster County. User City and County departments are charged for the resources used. Resources used are billed at cost plus an administrative overhead.

<u>Engineering Revolving Fund</u> - To account for the cost of operating a central engineering pool. Revenues are derived from billings to various capital improvement projects.

<u>Insurance Revolving Fund</u> - To account for the cost of providing a self-insurance program for workers' compensation, liability, property insurance, long-term disability and Blue Cross/Blue Shield Health Insurance Plan. Revenues are derived from billings to operating departments.

<u>Fleet Services Fund</u> - To account for the operation of a centralized maintenance facility for equipment used by other City departments, such as trucks, heavy equipment, and miscellaneous other equipment. Revenues are derived from billings to user departments.

<u>Police Garage Fund</u> - To account for the operation of a maintenance facility for the Police fleet and vehicles from various other City departments. Revenues are derived from billings to the Police and other user departments.

<u>Communication Services Fund</u> - To account for the costs of providing graphic arts and telecommunication services. Revenues are derived from billings to user departments.

<u>Copy Services Fund</u> - To account for the cost of providing copy services to the City of Lincoln and Lancaster County. User City and County departments are charged on a per copy basis.

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS AUGUST 31, 2003

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 345,235	64,766	2,084,076	95,744
Investments	1,645,941	· _	9,524,125	470,531
Accounts Receivable	39,612	662,029	15	669
Accrued Interest Receivable	7,529	601	48,113	802
Due from Other Funds	155,799	837	-	52,930
Due from Other Governments	229,829	33,159	-	1,007
Inventories	-	-	-	344,736
Prepaid Expenses	195,138	-	-	-
Total Current Assets	2,619,083	761,392	11,656,329	966,419
Noncurrent Assets:				
Capital Assets:				
Land	-	-	-	-
Buildings	12,335	-	-	-
Improvements Other Than Buildings	-	693,733	-	420,192
Machinery and Equipment	1,995,028	454,649	33,793	13,330,400
Less Accumulated Depreciation	(1,764,370)	(709,463)	(17,267)	(7,911,020)
Total Capital Assets, Net	242,993	438,919	16,526	5,839,572
Total Assets	2,862,076	1,200,311	11,672,855	6,805,991
LIABILITIES				
Current Liabilities:				
Accounts Payable	92,335	64,251	280,161	126,652
Accrued Liabilities	121,912	191,688	13,866	47,309
Accrued Compensated Absences	148,958	260,381	14,665	60,099
Due to Other Funds	205	22,970	2,149	4,096
Due to Other Governments	78	3,749	2,226	-
Unearned Revenue	-	548,502	-	-
Claims	-	-	2,429,395	-
Total Current Liabilities	363,488	1,091,541	2,742,462	238,156
Noncurrent Liabilities:				
Accrued Compensated Absences	5,719	75,960	-	45,825
Claims	-	-	2,714,445	-
Total Noncurrent Liabilities	5,719	75,960	2,714,445	45,825
Total Liabilities	369,207	1,167,501	5,456,907	283,981
NET ASSETS				
Invested in Capital Assets	242,993	438,919	16,526	5,839,572
Unrestricted	2,249,876	(406,109)	6,199,422	682,438
Total Net Assets	\$ 2,492,869	32,810	6,215,948	6,522,010

Police	Communication	Copy	
Garage	Services	Services	Total
270,711	13,069	67,702	2,941,303
1,201,043	65,911	291,107	13,198,658
35,340	2,300	949	740,914
5,702	371	1,611	64,729
206,915	21,194	18,951	456,626
385	3,906	18,974	287,260
102,647	-	-	447,383
	_	_	195,138
1,822,743	106,751	399,294	18,332,011
1,022,713	100,731	377,271	10,552,011
48,250	_	_	48,250
338,746	_	_	351,081
49,234			1,163,159
4,539,428	78,802		20,432,100
(2,906,599)	(67,969)	_	(13,376,688)
2,069,059			
	10,833 117,584	399,294	8,617,902 26,949,913
3,891,802	117,364	399,294	20,949,913
29 744	14 410	24.520	641.002
38,744	14,419	24,520	641,082
27,058	5,285	1,610	408,728
29,760	3,276	2,621	519,760
11	29	-	29,460
-	-	-	6,053
-	-	-	548,502
			2,429,395
95,573	23,009	28,751	4,582,980
22,584	5,719	-	155,807
			2,714,445
22,584	5,719		2,870,252
118,157	28,728	28,751	7,453,232
2,069,059	10,833	-	8,617,902
1,704,586	78,023	370,543	10,878,779
3,773,645	88,856	370,543	19,496,681

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Information Services		Engineering Insurance Revolving Revolving		Fleet Services
Operating Revenues					
Charges for Services	\$	5,895,523	6,337,662	4,886,237	4,687,383
Operating Expenses					
Personal Services	-	3,177,779	4,970,523	353,012	1,265,274
Materials and Supplies		187,773	55,018	9,638	1,035,714
Other Services and Charges	,	2,422,278	1,640,384	4,277,635	894,093
Depreciation		204,966	178,919	4,011	1,074,167
Total Operating Expenses		5,992,796	6,844,844	4,644,296	4,269,248
Operating Income (Loss)		(97,273)	(507,182	241,941	418,135
Nonoperating Revenues (Expenses)					
Investment Earnings		27,447	2,665	222,227	1,244
Gain (Loss) on Disposal of Capital Assets		(114)	(1,028) -	119,113
Interest Expense and Fiscal Charges		(40)	-	-	-
Total Nonoperating Revenues (Expenses)		27,293	1,637	222,227	120,357
Income (Loss) Before					
Contributions and Transfers		(69,980)	(505,545) 464,168	538,492
Capital Contributions		_	13,686	-	376,584
Transfers In		-		5,547	-
Change in Net Assets		(69,980)	(491,859	469,715	915,076
Net Assets - Beginning		2,562,849	524,669	5,746,233	5,606,934
Net Assets - Ending	\$ 2	2,492,869	32,810	6,215,948	6,522,010

Police	Communication			
Garage	Services	Services	Total	
2,634,955	206,673	323,013	24,971,446	
729,235	162,582	46,964	10,705,369	
730,190	4,188	14,446	2,036,967	
434,264	80,907	285,245	10,034,806	
688,915	5,245		2,156,223	
2,582,604	252,922	346,655	24,933,365	
52,351	(46,249)	(23,642)	38,081	
20,259	1,315	5,759	280,916	
(12,574)	-	-	105,397	
			(40)	
7,685	1,315	5,759	386,273	
60,036	(44,934)	(17,883)	424,354	
21,321	-	-	411,591	
	7,645		13,192	
81,357	(37,289)	(17,883)	849,137	
3,692,288	126,145	388,426	18,647,544	
3,773,645	88,856	370,543	19,496,681	

CITY OF LINCOLN, NEBRASKA COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2003

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,368,573	1,560,900	987,385	225,726
Receipts from Interfund Services Provided	3,501,312	4,412,328	3,902,834	4,436,957
Payments to Suppliers for Goods and Services	(2,485,226)	(897,542)	(3,777,387)	(1,866,789)
Payments to Employees	(3,166,985)	(4,923,799)	(352,339)	(1,256,606)
Payments for Interfund Services Provided	(102,767)	(747,761)	(717,357)	(175,950)
Net Cash Provided (Used) by Operating Activities	114,907	(595,874)	43,136	1,363,338
Cash Flows from Noncapital Financing Activities Transfers from Other Funds			5 5 1 7	
Interest Paid	(40)	-	5,547	-
Net Cash Provided (Used) by Noncapital Financing Activities	(40)		5,547	
Cash Flows from Capital and Related Financing Activities				
Additions to Capital Assets	(138,308)	(3,737)	-	(1,358,392)
Proceeds from Sale of Capital Assets	-	-	-	189,577
Net Cash Used by Capital and Related Financing Activities	(138,308)	(3,737)		(1,168,815)
Cash Flows from Investing Activities				
Proceeds from Sale and Maturities of Investments	235,388	-	10,756,904	67,291
Purchases of Investments	(1,886,763)	-	(10,917,623)	(539,375)
Interest and Other Receipts	32,272	4,758	235,878	4,078
Net Cash Provided (Used) by Investing Activities	(1,619,103)	4,758	75,159	(468,006)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,642,544)	(594,853)	123,842	(273,483)
Cash and Cash Equivalents - Beginning	1,987,779	659,619	1,960,234	369,227
Cash and Cash Equivalents - Ending	\$ 345,235	64,766	2,084,076	95,744
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (97,273)	(507,182)	241,941	418,135
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Depreciation	204,966	178,919	4,011	1,074,167
Changes in Assets and Liabilities:				
Accounts Receivable	4,967	(336,575)	3,982	4,129
Due from Other Funds	6,596	33,333	-	(36,955)
Due from Other Governments	(37,201)	42,602	-	8,126
Inventories	-	-	-	(14,420)
Prepaid Expenses	36,022	-	-	-
Accounts Payable	(11,341)	37,120	153,139	(97,783)
Accrued Liabilities	5,744	18,788	281	1,485
Accrued Compensated Absences	5,050	27,936	392	7,183
Due to Other Funds	69	9,649	803	(568)
Due to Other Governments	(2,692)	3,330	2,091	(161)
Unearned Revenue	-	(103,794)	(2.52.50.4)	-
Claims	212 100	(00, (02)	(363,504)	0.45.202
Total Adjustments	212,180	(88,692)	(198,805)	945,203
Net Cash Provided (Used) by Operating Activities	\$ 114,907	(595,874)	43,136	1,363,338
Supplemental Disclosure of Noncash Investing				
Capital, and Financing Activities:				
Contribution of Capital Assets	\$ -	13,686	-	376,584
Purchase of Capital Assets on Account	-	-	-	51,024
Change in Fair Value of Investments	(5,433)		(41,284)	(1,533)

Dalias	Communication	Comm	
Police	Communication Services	Copy Services	Total
Garage	Services	Services	Total
22,946	28,602	152,014	5,346,146
2,613,647	162,322	167,813	19,197,213
(695,529)	(68,300)	(288,492)	(10,079,265)
		, , ,	(10,633,843)
(724,593)	(165,036)	(44,485)	
(490,253)	(9,405)	(12,512)	(2,256,005)
726,218	(51,817)	(25,662)	1,574,246
	7,645		12 102
-	7,043	-	13,192
	7,645		13,152
	7,043	<u>-</u>	13,132
(830,531)	_	_	(2,330,968)
72,660	_	_	262,237
(757,871)	· ——		(2,068,731)
(737,071)	·		(2,000,731)
671,763	9,426	41,631	11,782,403
(1,376,771)	(75,555)	(333,699)	(15,129,786)
23,558	1,571	6,503	308,618
(681,450)	(64,558)	(285,565)	(3,038,765)
(001,450)	(04,336)	(203,303)	(3,036,703)
(713,103)	(108,730)	(311,227)	(3,520,098)
983,814	121,799	378,929	6,461,401
270,711	13.069	67,702	2,941,303
270,711	13,007	07,702	2,711,505
52,351	(46,249)	(23,642)	38,081
688,915	5,245	-	2,156,223
(14,637)	(2,055)	61	(340,128)
15,425	(11,384)	(3,619)	3,396
850	(2,310)	372	12,439
(22,288)	-	-	(36,708)
-	-	-	36,022
962	7,361	(1,313)	88,145
1,416	(699)	875	27,890
3,226	(1,755)	1,604	43,636
(2)	29	_	9,980
-	-	_	2,568
_	_	_	(103,794)
_	_	_	(363,504)
673,867	(5,568)	(2,020)	1,536,165
726,218	(51,817)	(25,662)	1,574,246
, 20,210	(51,017)	(23,002)	1,577,270
21,321	-	-	411,591
-		- -	51,024
(3,965)	(218)	(961)	(53,394)

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AGENCY FUNDS

Agency funds are used to report fiduciary resources held by the City for individuals, private organizations, or other governments.

<u>Collections Due Other Governments</u> - To account for the collection and payment to:

Airport Authority - Taxes collected on its behalf.

State of Nebraska - Sales tax collections on sales made by the City of

Lincoln and Lottery Tax Collections on Keno

Proceeds to be remitted to the State.

Lincoln Public Schools - Fines, fees, licenses and permits collected on its

behalf.

Department of Housing and

Urban Development - Various bank accounts used for Home

Improvement Loans, Down-payment Assistance and Rental Rehabilitation programs. The City is

the Fiduciary agent for these accounts.

<u>Contractor Deposits</u> - To account for good faith money deposited with the City to assure the completion of special projects. The money will be returned to the contractors upon completion.

Payroll Revolving - To account for payroll liabilities such as taxes and fringes.

Outstanding Warrants - To account for money held by the City to pay outstanding warrants.

<u>Telephone Bill Suspense</u> - To account for the accumulation and disbursement of funds to pay for the City's phone system charges.

<u>Defeased Bond Proceeds</u> - To account for the proceeds from the 1992 Sanitary Sewer Revenue Bonds issued to defease the 1980 Sanitary Sewer Revenue Bonds. The City Treasurer is the Trustee for this bond defeasance.

<u>Joint Antelope Valley Authority</u> – To account for the accumulation and disbursement of funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project.

<u>Gateway Center Joint Venture Escrow</u> - To account for funds deposited with the City by the Gateway Shopping Center in fulfillment of a condition of the use permit for expansion of the shopping center. Funds may be drawn upon for construction of roadway improvements for the purpose of controlling the flow of off-site traffic in the "O" street corridor between Cotner Boulevard and 73rd Street.

COMBINING BALANCE SHEET AGENCY FUNDS AUGUST 31, 2003

	(Collections			
		Due Other	Contractor	Payroll	Outstanding
		Sovernments	Deposits	Revolving	Warrants
ASSETS					
Cash and Cash Equivalents Receivables: Accrued Interest	\$	389,086	776,467	347,248	1,994,606
Other		36,326	_	6,846	-
Contractor Retainage		-	1,051,174	-	
Total Assets		425,412	1,827,641	354,094	1,994,606
LIABILITIES	=				
LIABILITIES					
Warrants Payable		-	-	_	1,994,606
Accounts Payable		-	-	45,738	_
Due to Other Governments		425,412	_	308,356	_
Due to Contractors		-	1,827,641	-	_
Due to Joint Venture		-	, , , -	-	-
Due to Bondholders			<u>-</u>		
Total Liabilities	\$	425,412	1,827,641	354,094	1,994,606

Telephone Bill Suspense	Defeased Bond Proceeds	Joint Antelope Valley Authority	Gateway Center Joint Venture Escrow	Total
67,467	12,373	4,430	162,131	3,753,808
	- - -		713	713 43,172 1,051,174
67,467	12,373	4,430	162,844	4,848,867
-	-	-	-	1,994,606
67,467	-	-	-	113,205
-	-	-	-	733,768
-	-	-	-	1,827,641
-	-	4,430	162,844	167,274
	12,373			12,373
67,467	12,373	4,430	162,844	4,848,867

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2003

		Balance			Balance
		Sep. 1, 2002	Additions	Deductions	Aug. 31, 2003
					
COLLECTIONS DUE OTHER GOVERNM	ENTS:				
Assets:	\$	102,055	873,970	907,643	68,382
Cash Held by City Treasurer Cash in Other Accounts	Ф	102,033	437,748	291,136	320,704
Receivables		174,092	36,326	291,130	36,326
Receivables	_	276,147	1,348,044	1,198,779	425,412
** 1992					
Liabilities:	Ф	276 147	0.40, 600	coo 425	405 410
Due to Other Governments	\$_	276,147	848,690	699,425	425,412
CONTRACTOR DEPOSITS:					
Assets:					
Cash in Other Accounts	\$	629,347	273,908	126,788	776,467
Contractor Retainage	_	1,162,558	57,965	169,349	1,051,174
	=	1,791,905	331,873	296,137	1,827,641
Liabilities:					
Due to Contractors	\$_	1,791,905	331,873	296,137	1,827,641
PAYROLL REVOLVING:					
Assets:					
Cash Held by City Treasurer	\$	312,721	115,479,105	115,446,802	345,024
Cash in Other Accounts	Ψ	2,285	52,046,996	52,047,057	2,224
Receivables		-	6,846	-	6,846
		315,006	167,532,947	167,493,859	354,094
Liabilities:					
Accounts Payable		34,890	43,514	32,666	45,738
Due to Other Governments		280,116	24,853,954	24,825,714	308,356
But to duter dovernments	\$	315,006	24,897,468	24,858,380	354,094
OLITECTE A NIDINICA WAR DE A NIEC.					
OUTSTANDING WARRANTS: Assets:					
Cash Held by City Treasurer	\$_	2,920,905	326,972,736	327,899,035	1,994,606
	=	_			
Liabilities: Warrants Payable	\$	2,920,905	326,972,736	327,899,035	1,994,606
maranto i ajuoie	Ψ=	2,720,703	320,712,130	321,077,033	1,774,000

(Continued)

(Agency Funds, Continued)

		Balance			Balance	
	_	Sep. 1, 2002	Additions	Deductions	Aug. 31, 2003	
TELEPHONE BILL SUSPENSE: Assets:						
Cash Held by City Treasurer	\$_	65,494	714,764	712,791	67,467	
Liabilities:	Φ	<i>CE</i> 404	714764	712 701	67.467	
Accounts Payable	\$=	65,494	/14,/04	712,791	67,467	
DEFEASED BOND PROCEEDS:						
Assets:						
Cash Held by City Treasurer	\$=	12,373			12,373	
Liabilities:						
Due to Bondholders	\$_	12,373		_	12,373	
	_	_				
JOINT ANTELOPE VALLEY AUTHORITY						
Assets:						
Cash Held by City Treasurer	\$ =	14,209	11,505,282	11,515,061	4,430	
Liabilities:						
Due to Joint Venture	\$_	14,209	11,505,282	11,515,061	4,430	
	_					
GATEWAY CENTER JOINT VENTURE ESO	CRO	W:				
Assets:						
Cash Held by City Treasurer	\$	4,093	158,043	5	162,131	
Receivables	_	155,489 159,582	736 158,779	155,512 155,517	713 162,844	
	=	137,362	130,777	133,317	102,044	
Liabilities:						
Due to Joint Venture	\$	159,582	3,262		162,844	
AGENCY FUND TOTALS:	_					
Total Assets	\$=	5,555,621	508,564,425	509,271,179	4,848,867	
Total Liabilities	\$_	5,555,621	365,274,075	365,980,829	4,848,867	

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STATISTICAL SECTION (UNAUDITED)

CITY OF LINCOLN, NEBRASKA GENERAL INFORMATION

Table 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS 1

			Streets	Culture		Health			
Fiscal	General	Public	And	And	Economic	And	Mass ²	Debt	
Year	Government	Safety	Highways	Recreation	Opportunity	Welfare	Transit	Service	Totals
2003	\$ 28,938,852	50,933,285	12,317,663	19,918,793	16,469,645	15,706,918	7,996,019	8,507,223	160,788,398
2002	27,237,134	49,913,169	10,833,055	16,974,798	14,017,601	15,513,515	12,691,837	7,411,878	154,592,987
2001	23,821,580	48,122,074	11,175,059	14,806,760	12,559,336	14,232,879	-	7,742,690	132,460,378
2000	23,529,495	44,042,882	9,039,840	13,958,414	11,204,029	12,589,907	-	7,924,295	122,288,862
1999	21,891,174	41,555,922	9,406,531	13,254,994	10,215,261	11,226,029	-	6,937,983	114,487,894
1998	30,170,768	41,140,827	8,992,439	13,111,328	12,009,990	10,979,131	-	7,317,239	123,721,722
1997	17,791,275	35,073,010	10,348,129	12,655,548	8,581,741	9,491,687	-	7,807,532	101,748,922
1996	21,642,981	35,208,168	8,204,830	12,475,318	8,638,263	8,874,148	-	7,468,367	102,512,075
1995	19,324,778	32,268,654	7,707,436	11,546,106	9,027,752	7,838,386	-	7,161,326	94,874,438
1994	17,757,517	29,709,169	7,039,926	10,611,776	8,104,312	7,019,362	-	9,116,154	89,358,216

¹ Includes General, Special Revenue, and Debt Service Funds.

GENERAL GOVERNMENTAL REVENUES BY SOURCE LAST TEN FISCAL YEARS 1

Table 2

Fiscal Year	Taxes And Special Assessment	Inter- Governmental	Permits And Fees	Reimbursement For Services	Investment Earnings	Other	Totals
2003 2 \$	100,343,159	52,362,560	12,679,623	6,097,336	1,464,594	7,411,164	180,358,436
2002	98,375,135	58,762,476	12,449,879	5,605,557	2,018,695	10,548,354	187,760,096
2001	89,503,325	48,369,359	9,638,476	3,685,621	4,072,585	9,668,449	164,937,815
2000	86,831,572	35,469,904	9,838,028	3,360,901	3,955,026	9,228,060	148,683,491
1999	82,998,188	34,847,767	8,690,565	306,506	3,328,425	8,894,527	139,065,978
1998	79,200,331	40,261,744	8,040,655	2,603,350	3,525,748	10,363,736	143,995,564
1997	78,164,628	26,909,591	7,903,461	3,841,495	3,203,760	8,414,170	128,437,105
1996	75,624,598	27,398,828	7,587,645	3,012,387	2,891,696	9,518,249	126,033,403
1995	71,429,314	24,447,377	6,325,774	3,211,819	2,636,591	9,503,980	117,554,855
1994	72.266.306	24.954.144	4.289.234	2,862,622	1.352.122	8,583,766	114.308.194

 $^{^1}$ Includes General, Special Revenue and Debt Service Funds. 2 StarTran added as Special Revenue Fund in 2002.

Table 3

PROPERTY TAX LEVIED AND COLLECTED LAST TEN YEARS

The fiscal year of the City begins September 1 and ends August 31. Taxes are levied in October. First installments of real estate taxes are delinquent the following April 1, second installments delinquent August 1; personal property taxes are delinquent April 1 and August 1. Delinquent taxes bear 14 percent interest. The figures below include interest and penalties. The figures below do not include motor vehicle in lieu of ad valorem taxes.

Taxes Levied				_			
\$	35,007,926	\$	33,676,453	96.20 %	\$	33,676,453	96.20 %
	33,731,282		32,501,760	96.35		33,808,526	100.23
	31,159,364		29,936,079	96.07		31,143,997	99.95
	29,603,794		28,665,780	96.83		29,759,977	100.53
	27,597,664		26,411,546	95.70		27,509,890	99.68
	26,812,692		25,758,577	96.07		26,974,986	100.61
	27,022,949		25,894,971	95.83		26,962,366	99.78
	26,717,464		25,626,901	95.92		26,807,445	100.34
	26,289,058		25,209,483	95.89		26,295,625	100.02
	25,962,618		25,108,543	96.71		26,253,361	101.12
	\$	Levied \$ 35,007,926 33,731,282 31,159,364 29,603,794 27,597,664 26,812,692 27,022,949 26,717,464 26,289,058	Levied \$ 35,007,926 \$ 33,731,282 31,159,364 29,603,794 27,597,664 26,812,692 27,022,949 26,717,464 26,289,058	Taxes Levied After Amount \$ 35,007,926 \$ 33,676,453 33,731,282 32,501,760 31,159,364 29,936,079 29,603,794 28,665,780 27,597,664 26,411,546 26,812,692 25,758,577 27,022,949 25,894,971 26,717,464 25,626,901 26,289,058 25,209,483	Levied Amount Percent \$ 35,007,926 \$ 33,676,453 96.20 % 33,731,282 32,501,760 96.35 31,159,364 29,936,079 96.07 29,603,794 28,665,780 96.83 27,597,664 26,411,546 95.70 26,812,692 25,758,577 96.07 27,022,949 25,894,971 95.83 26,717,464 25,626,901 95.92 26,289,058 25,209,483 95.89	Taxes Levied After Levy Amount Percent \$ 35,007,926 \$ 33,676,453 96.20 % \$ 33,731,282 33,731,282 32,501,760 96.35 31,159,364 29,936,079 96.07 29,603,794 28,665,780 96.83 27,597,664 26,411,546 95.70 26,812,692 25,758,577 96.07 27,022,949 25,894,971 95.83 26,717,464 25,626,901 95.92 26,289,058 25,209,483 95.89	Taxes Levied After Levy Amount As Of Augustian \$ 35,007,926 \$ 33,676,453 96.20 % \$ 33,676,453 33,731,282 32,501,760 96.35 33,808,526 31,159,364 29,936,079 96.07 31,143,997 29,603,794 28,665,780 96.83 29,759,977 27,597,664 26,411,546 95.70 27,509,890 26,812,692 25,758,577 96.07 26,974,986 27,022,949 25,894,971 95.83 26,962,366 26,717,464 25,626,901 95.92 26,807,445 26,289,058 25,209,483 95.89 26,295,625

² StarTran added as Special Revenue Fund in 2002.

TAXABLE ASSESSED VALUATION LAST TEN YEARS $^{\rm 1}$

Tax Real All Motor	
Year Estate Other Vehicle	Total
2003 \$ 12,001,190,379 742,915,013	12,744,105,392
2002 10,350,628,778 779,959,389	11,130,588,167
2001 9,903,888,713 820,797,124	10,724,685,837
2000 8,814,516,041 806,431,814	9,620,947,855
1999 8,423,860,600 716,780,457	9,140,641,057
1998 7,859,292,010 660,609,204	8,519,901,214
1997 6,850,027,133 637,669,384	7,487,696,517
1996 6,516,782,050 525,762,951 706,470,078	7,749,015,079
1995 6,243,138,433 442,913,618 639,647,617	7,325,699,668
1994 6,040,320,804 431,628,371 598,259,561	7,070,208,736

¹ Assessment is at 100% of actual. Effective in the 1997 tax year, Motor Vehicles are excluded from the taxable assessed valuation.

TOTAL PROPERTY TAX LEVIES ALL DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS $^{\rm I}$

Table 5

	Tax Year									
	2003	2002	_2001_	_2000_	1999	1998	1997	1996	1995	1994
City Of Lincoln	0.2903	0.3145	0.3145	0.3239	0.3239	0.3239	0.3581	0.3837	0.3996	0.4062
School District No. 1	1.3041	1.2830	1.2732	1.3684	1.3813	1.3050	1.6308	1.6260	1.5946	1.6084
Lancaster County	0.2683	0.2683	0.2583	0.2643	0.2584	0.2782	0.2966	0.3106	0.3169	0.3051
Educational Service Unit #18	0.0150	0.0150	0.0150	0.0150	0.0150	0.0149	0.0089	0.0081	0.0082	0.0082
Community Technical College	0.0655	0.0655	0.0636	0.0295	0.0334	0.0696	0.0782	0.0840	0.0864	0.0843
Lower Platte South Natural Res. Dist.	0.0323	0.0359	0.0365	0.0367	0.0372	0.0389	0.0365	0.0346	0.0346	0.0293
Railroad Transportation Safety Dist.	0.0248	0.0220	0.0221	0.0260	0.0260	0.0260	0.0260	0.0091	0.0096	0.0096
Agricultural Society Of Lancaster County	0.0030	0.0012	0.0024	0.0073	0.0032	0.0013	0.0364	0.0364	0.0014	0.0014
Lancaster County Fairgrounds	0.0043	0.0050	0.0052							
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0169	0.0170	0.0127
	2.0246	2.0274	2.0078	2.0881	2.0954	2.0748	2.4885	2.5094	2.4683	2.4652

The assessment rate is 100% of market and the levy is expressed as the tax per \$100 of estimated market value.

Table 6

SPECIAL ASSESSMENT COLLECTIONS LAST TEN FISCAL YEARS ¹

Fiscal Year Ended August 31	Special Assessment Collections Including Interest
2003	\$ 1,814,191
2002	1,867,653
2001	1,796,924
2000	1,948,791
1999	2,359,812
1998	2,104,022
1997	2,390,085
1996	2,484,416
1995	2,337,275
1994	2,770,059

¹ Special assessment collections are not tracked by levy year, therefore the portion of collections during any year which apply to any particular levy cannot be determined. Special assessment billings by year are not available.

CITY SALES TAX INFORMATION

The City had a one percent (1%) sales and use tax through June 30, 1985. Effective July 1, 1985 the sales and use tax was raised to one and one half percent (1.5%). These taxes are administered and collected for the City by the State of Nebraska. The State receives three percent (3%) for their service. The City has had a sales tax since 1969.

SALES AND USE TAX COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	
Ended August 31	Amount
2003	\$ 48,657,268
2002	45,393,491
2001	44,486,127
2000	43,608,313
1999	41,642,771
1998	37,479,413
1997	36,549,194
1996	33,543,308
1995	31,420,946
1994	29,739,476

Table 8

SCHEDULE OF NET GENERAL OBLIGATION BONDED DEBT IN RELATION TO POPULATION, TOTAL ASSESSED VALUATION, AND REAL PROPERTY VALUATION LAST TEN FISCAL YEARS

													Ratio Of
					Net						Ratio Of		Net Debt
	General				General			Net G.O.		Assessed	Net Debt	Assessed	To Estimated
	Obligation				Obligation			Bonded		Valuation	To Assessed	Valuation	Valuation
Fiscal	Bonded		Sinking		Bonded			Debt Per		Real And 2	Valuation	Of Taxable 2	Of Taxable
Year	Debt		Funds	_	Debt	Population	1	Capita		Personal	Real & Personal	Real Property	Real Property
2003	61.759.00	0 \$	17.083.000	\$	44.676.000	235,565	\$	189.65	\$	12.744.105.392	0.35 % \$	12.001.190.379	0.37 %
2002	56,997,00		15,847,000	Ψ	41,150,000	231,800	Ψ	177.52	Ψ	11,130,588,167	0.37 ¢	10,350,628,778	0.40
2001	54,418,00	0	11,243,000		43,175,000	225,588		191.39		10,724,685,837	0.40	9,903,888,713	0.44
2000	58,814,00	0	9,739,000		49,075,000	218,497		224.60		9,620,947,855	0.51	8,814,516,041	0.56
1999	60,508,00	0	12,182,000		48,326,000	217,537		222.15		9,140,641,057	0.53	8,423,860,600	0.57
1998	40,492,00	0	17,707,000		22,785,000	215,000		105.98		8,519,901,214	0.27	7,859,292,010	0.29
1997	47,665,00	0	16,121,000		31,544,000	209,192		150.79		7,487,696,517	0.42	6,850,027,133	0.46
1996	44,885,00	0	14,529,594		30,355,406	206,100		147.28		7,749,015,079	0.39	6,516,782,050	0.47
1995	49,573,00	0	13,486,759		36,086,241	203,076		177.70		7,325,699,668	0.49	6,243,138,433	0.58
1994	42,845,00	0	12,423,441		30,421,559	199,350		152.60		7,070,208,736	0.43	6,040,320,804	0.50

¹ Source: Lincoln/Lancaster Planning Department.

Table 9

COMPUTATION OF DIRECT AND OVERLAPPING DEBT AUGUST 31, 2003

	Net Debt	Percentage Applicable	Direct And Overlapping Debt
<u>Units</u>	Outstanding	To The City	To The City
Direct:			
City	\$ <u>44,676,000</u>	100.0 %	\$ 44,676,000
Overlapping:			
School District #1	113,480,000	97.2	110,303,000
Airport Authority	5,783,000	100.0	5,783,000
Lancaster County	9,204,000	84.6	7,787,000
Public Building Commission	36,936,000	84.6	31,248,000
Southeast Community College	None	35.9	None
	165,403,000		155,121,000
Total	\$ 210,079,000		\$ <u>199,797,000</u>

The City has no direct liability for the School District, Airport Authority, Lancaster County, or Southeast Community College debt summarized above. See Note 18 regarding the Public Building Commission. This results in a per capita direct City debt of \$189.65; a per capita direct and overlapping debt of \$848.16; a ratio of direct City debt to 2003 actual valuation of 1.57 percent.

² Assessed valuation is 100% of actual. Effective in the 1997 tax year, Motor Vehicles are excluded from the taxable assessed valuation.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS $^{\rm 2}$

					Ratio Of
				Total	Debt Service
			Total	General	To Total
Fiscal		3	Debt	Governmental	General
Year	Principal	Interest	Service	Expenditures 1, 4	Expenditures
2003	\$ 5,435,370	\$ 2,986,634	\$ 8,422,004	\$ 160,788,398	5.24 %
2002	4,921,172	2,421,303	7,342,475	154,592,987	4.75
2001	4,966,405	2,753,247	7,719,652	132,460,378	5.83
2000	5,125,296	2,772,021	7,897,317	122,288,862	6.46
1999	4,209,267	2,301,745	6,511,012	114,487,894	5.69
1998	4,927,317	2,329,696	7,257,013	123,721,722	5.87
1997	5,469,089	2,274,947	7,744,036	101,748,922	7.61
1996	4,959,621	2,445,185	7,404,806	102,512,075	7.22
1995	4,827,845	2,086,601	6,914,446	94,874,438	7.29
1994	6,603,251	2,349,574	8,952,825	89,358,216	10.02

¹ Includes: General, Special Revenue, and Debt Service Funds.
² In-substance defeasances are excluded from this table.

Table 11

REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

		Direct	Net Revenue				
	Gross	Operating	Available		Debt Service I	Requirements	
	Revenue	Expenses	For Debt Service	Principal	Interest	Total	Coverage
Wastewater S	Evetom						
2003	\$ 15,785,843	9,086,469	6,699,374	1,032,500	266,722	1,299,222	5.16
2002	15,731,749	8,632,287	7,099,462	992,500	316,847	1,309,347	5.42
2001	16,663,975	8,087,688	8,576,287	952,500	364,972	1,317,472	6.51
2000	16,741,692	7,707,242	9,034,450	912,500	411,097	1,323,597	6.83
1999	16,286,632	7,591,990	8,694,642	1,255,000	474,743	1,729,743	5.03
1998	15,873,036	7,512,753	8,360,283	1,217,500	554,216	1,771,716	4.72
1997	15,521,150	7,339,135	8,182,015	1,120,000	627,402	1,747,402	4.68
1996	15,158,461	7,082,660	8,075,801	1,070,000	677,886	1,747,886	4.62
1995	14,978,232	6,785,101	8,193,131	1,020,000	728,840	1,748,840	4.68
1994	14,366,125	6,538,152	7,827,973	970,000	776,009	1,746,009	4.48
Water Syster	<u>n</u>						
2003	\$ 21,533,965	11,631,496	9,902,469	3,010,000	2,898,489	5,908,489	1.68
2002	22,687,789	11,474,433	11,213,356	2,880,000	2,110,590	4,990,590	2.25
2001	22,287,139	10,960,315	11,326,824	2,755,000	2,240,075	4,995,075	2.27
2000	23,823,957	9,812,147	14,011,810	2,640,000	2,361,515	5,001,515	2.80
1999	20,787,797	9,067,262	11,720,535	2,530,000	2,514,373	5,044,373	2.32
1998	21,009,615	8,894,295	12,115,320	2,435,000	2,621,365	5,056,365	2.40
1997	20,426,318	8,161,529	12,264,789	2,345,000	2,730,407	5,075,407	2.42
1996	20,152,071	8,072,097	12,079,974	2,265,000	2,829,751	5,094,751	2.37
1995	20,467,243	7,622,280	12,844,963	2,195,000	2,963,950	5,158,950	2.49
1994	20,256,136	6,858,777	13,397,359	2,145,000	3,036,215	5,181,215	2.59
Parking Faci							
2003	\$ 5,988,240	2,304,632	3,683,608	1,085,000	962,829	2,047,829	1.80
2002	5,483,546	1,964,389	3,519,157	1,115,000	924,470	2,039,470	1.73
2001	5,172,264	2,127,350	3,044,914	795,000	787,419	1,582,419	1.92
2000	4,853,708	1,393,637	3,460,071	455,000	761,521	1,216,521	2.84
1999	4,209,988	2,329,165	1,880,823	585,000	640,712	1,225,712	1.53
1998	4,068,991	1,340,709	2,728,282	455,000	651,694	1,106,694	2.47
1997	3,623,705	1,110,085	2,513,620	435,000	670,847	1,105,847	2.27
1996	3,411,735	1,271,655	2,140,080	415,000	908,380	1,323,380	1.62
1995	3,205,953	1,025,468	2,180,485	400,000	483,214	883,214	2.47
1994	2,242,835	724,003	1,518,832	110,000	316,975	426,975	3.56

³ Does not include fiscal and miscellaneous charges.
⁴ StarTran added as Special Revenue Fund in 2002.

¹ Parking Facilities' gross revenues include parking meter revenues which were deposited to the General Fund but are pledged per bond ordinance.

² Information in this table does not agree with information in the transmittal letter because transmittal letter information is calculated in accordance with specific requirements of the bond covenants.

DEMOGRAPHIC STATISTICS LAST TEN YEARS

	City Of Lincoln		Per Capita	School	Unemploy	meı
Year	Population ¹	_	Income ²	Enrollment ³	Rate	4
2003	235,565	\$		31,889	3.6	%
2002	231,800			31,867	3.0	
2001	225,588		30,872	31,581	2.6	
2000	218,497		28,752	31,354	2.7	
1999	217,537		28,493	31,052	1.9	
1998	215,000		27,487	31,000	1.5	
1997	209,192		24,602	30,924	1.7	
1996	206,100		23,591	30,779	2.4	
1995	203,076		22,446	30,693	2.2	
1994	199,350		21,169	30,041	2.4	

Sources:

Lincoln/Lancaster Planning Department.

U.S. Department of Commerce Bureau of Economic Analysis. Per Capita Income for 2002 and 2003 is unavailable.

Lincoln Public Schools.

State of Nebraska, Department of Labor.

Median age from 2000 census was 31.3. Education statistics per the 2000 Census indicate that 90.2% of the population 25 years and older has a high school degree or greater with 33.3% of the same population holding a Bachelor's degree or greater.

Table 13

PROPERTY VALUE AND CONSTRUCTION LAST TEN FISCAL YEARS

	Commercia	al Construction 1	Residentia	al Construction 1		2	
Fiscal	Number Of		Number Of		Propert	y Value 2	
Year	Permits	Value	Permits	Value	Commercial	Residential	Totals
2003	1,036	\$ 269,298,229	3,913	\$ 315,666,242	3,598,787,015	8,402,403,364	\$ 12,001,190,379
2002	1,013	245,476,386	3,405	262,293,941	3,094,988,486	7,255,640,292	10,350,628,778
2001	1,017	215,856,679	3,212	231,390,626	2,855,200,333	7,048,688,380	9,903,888,713
2000	1,069	181,983,107	3,385	225,622,611	2,540,905,431	6,273,610,610	8,814,516,041
1999	1,148	186,569,754	3,235	206,065,342	2,356,367,014	6,067,493,586	8,423,860,600
1998	1,093	119,532,867	3,109	185,894,741	2,132,780,337	5,726,511,673	7,859,292,010
1997	1,107	90,599,429	3,284	191,975,903	1,986,422,642	4,863,604,491	6,850,027,133
1996	1,212	148,033,633	2,976	167,561,114	1,840,136,792	4,676,645,258	6,516,782,050
1995	1,140	110,994,400	2,739	146,598,151	1,734,716,053	4,508,422,380	6,243,138,433
1994	1,117	136,104,897	3,114	156,183,375	1,703,370,467	4,336,950,337	6,040,320,804

Lancaster County Assessor.

City of Lincoln, Department of Building and Safety.

TEN LARGEST TAXPAYERS

Listed below are the ten largest taxpayers in the City of Lincoln as reported by the County Assessor. These taxpayers each pay less than five percent of the total taxes levied.

<u>Taxpayers</u>	Type Of Business	2003 Assessed <u>Valuations</u>	Percentage Of Total Assessed Valuation
Alltel Communications	Telecommunications	\$ 88,891,335	.70%
Kawasaki	Manufacturing	68,519,940	.54
B & J Partnership Ltd.	Building Management	56,885,655	.45
Pfizer	Animal Health	52,285,124	.41
Ameritas Life Insurance Corp	Insurance	48,507,866	.38
Molex Inc.	Manufacturing	44,862,957	.35
WEA Gateway LLC	Retail Management	44,293,300	.35
Burlington Northern	Railroad	43,769,733	.34
Chateau Van Dorn LLC	Real Estate Development	43,769,608	.34
Nebco	Construction / Development	40,406,157	32
		\$ 532,191,675	<u>4.18%</u>

Table 15

MISCELLANEOUS STATISTICS AUGUST 31, 2003

Date of Incorporation: 1869

Form of Government: Mayor-Council, Number of Stations: 2

Home Rule Charter Area: 79.61 square miles

Lane Miles of Streets: 2,791 miles Number of Street Lights: 25,196

Culture And Recreation

Park System: 112 parks & 85 playgrounds, 5,779 acres maintained for public use. Parks, trails, Right-of-ways, etc.

Trail Miles: 83 Libraries: 8

Recreation Centers: 8 Swimming Pools (public): 11 Golf Courses (public): 5

Fire Protection / Emergency Services

Number of Stations: 14 Number of Firefighters: 244 Number of Ambulances: 11

Number of Certified Paramedics: 60

Police Protection

Number of Police Officers: 303

Water Department

Number of Consumers: 72,260

Average Daily Consumption: 37,519,959 gallons

Miles of Water Mains: 1,104 miles

Sanitary Sewer

Number of Consumers: 70,651 Miles of Wastewater Mains: 909

Education

Public Schools:

Senior High Schools: 6 Middle Schools: 11 Elementary Schools: 37 Number of Students: 31,889

Private and Parochial Schools:

Number of Schools: 31 Number of Students: 6,587 (THIS PAGE LEFT BLANK INTENTIONALLY)

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2003

	Federal CFDA				
Federal Grantor/Pass-Through Grantor/Program Title	Number	Grant Number		Federal Ex	penditures
U.S. DEPARTMENT OF AGRICULTURE Direct Programs:					
Summer Food Service Program for Children Summer Food Service Program for Children	10.559 10.559	6/02-8/02 6/03-8/03	\$	14,404 56,643	71,047
Pass-Through State Department of Health and Human Services: Special Supplemental Nutrition Program for Women, Infants & Children Special Supplemental Nutrition Program for Women, Infants & Children	10.557 10.557	2002 2003		48,279 384,292	432,571
Nutrition Program for the Elderly (Commodities)	10.570				162,136
Total U.S. Department Of Agriculture				\$	665,754
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Direct Programs:					
Congregate Housing Services Program (Mahoney Manor) Congregate Housing Services Program (Burke Plaza)	14.170 14.170	NE26-G940-001 NE26-G940-002	\$	63,104 42,020	105,124
Community Development Block Grant	14.218	* B-02 MC-31-0001			3,675,721
Emergency Shelter Grant Program	14.231	S-02 MC-310002			80,288
HOME Investment Partnerships Program	14.239	* M-02 MC-31-0202			1,450,909
Community Development Block Grants/Economic Development Initiative Community Development Block Grants/Economic Development Initiative Community Development Block Grants/Economic Development Initiative (Special Project)	14.246	* B-99-SP-NE-1085 * B-00-SP-NE-0233 * B-01-SP-NE-0364		71,256 272,600 997,800	1,341,656
Fair Housing Assistance Program - State and Local	14.401	FF207K007017			54,331
Pass-Through State Department of Health and Human Services: Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2002		-	418
Total U.S. Department Of Housing And Urban Development				\$_	6,708,447
U.S. DEPARTMENT OF THE INTERIOR Pass-Through State Historical Society: Historical Preservation Fund Grants-in-Aid Historical Preservation Fund Grants-in-Aid	15.904 15.904	02/03 03/04	\$	11,774 8,138 \$	19,912
U.S. DEPARTMENT OF JUSTICE Direct Programs:					
State Domestic Preparedness Equipment Support Program	16.007	2002-TE-CX-0062	\$		83,658
Byrne Formula Grant Program (HIDTA) Byrne Formula Grant Program (HIDTA)	16.579 16.579	I2PMWP636 I3PMWP636	_	48,105 3,239	51,344
Local Law Enforcement Block Grant Local Law Enforcement Block Grant	16.592 16.592	2000-LB-BX-0438 2001-LB-BX-1268	_	120,750 109,728	230,478
Public Safety Partnership and Community Policing Grant (Cops Ahead)	16.710	95-CC-WX-0426			194,283
Pass-Through State Comm. On Law Enforcement And Criminal Justice: Crime Victim Assistance Crime Victim Assistance	16.575 16.575	01-VA-220/01-VA-900 02-VA-900/02-VA-234	_	13,350 127,033	140,383
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program) Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579 16.579	01-DA-307 02-DA-315	_	9,004 414,533	423,537
Total U.S. Department Of Justice				\$ <u></u>	1,123,683

(Continued) See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Fede Expend	
	Tumber	Grant Tumber	Ехрепс	itures
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Health and Human Services: Senior Community Service Employment Program	17.235	NGA 2003-048 \$		44,594
Pass-Through State Department Of Labor:				
WIA Cluster: Workforce Investment Act (Youth)	17.259	2000	2	
Workforce Investment Act (Touth) Workforce Investment Act (Adult)	17.258	2001	5	
Workforce Investment Act (Dislocated Worker)	17.260	2001	6	
Workforce Investment Act (Adult)	17.258	2002	107,070	
Workforce Investment Act (Youth) Workforce Investment Act (Incentive/Capacity)	17.259 17.258	2002 2002	179,064 49,989	
Workforce Investment Act (Dislocated Worker)	17.260	2002	275.854	
Workforce Investment Act (Adult)	17.258	2003	4,384	
Workforce Investment Act (Incentive/Capacity)	17.258	2003	3,171	
Workforce Investment Act (Dislocated Worker)	17.260	2003	12,525	53 6 3 00
WIA Dislocated Workers	17.260	EM-11756-01-60	94,229	726,299
Total U.S. Department Of Labor			\$ <u></u>	770,893
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs: Federal Transit Cluster:				
Federal Transit Cluster: Federal Transit: Formula Grants (Sec. 9 Capital)	20 507	* NE-90-X046 \$	226	
Federal Transit: Formula Grants (Sec. 9 Capital)		* NE-90-X048	10,896	
Federal Transit: Formula Grants (Transit Planning)		* NE-90-X048	27,061	
Federal Transit: Formula Grants (Sec. 9 Capital)		* NE-90-X052	104,078	
Federal Transit: Formula Grants (Transit Planning)		* NE-90-X052	25,042	
Federal Transit: Formula Grants (Sec. 9 Capital) Federal Transit: Formula Grants (Transit Planning)		* NE-90-X054 * NE-90-X054	181,235 19,044	
Federal Transit: Formula Grants (Sec. 9 Operating)		* NE-90-X056	747,115	
Federal Transit: Formula Grants (Transit Planning)	20.507	* NE-90-X056	15,342	
Federal Transit: Formula Grants (Sec. 9 Capital)		* NE-90-X056	258,727	
Federal Transit: Formula Grants (Transit Planning) Federal Transit: Formula Grants (Transit Planning)		* RPT-C990(022) * RPT-C990(023)	6,273 1,493	1,396,532
· · · · · · · · · · · · · · · · · · ·	20.307	· KF 1-C990(023)	1,493	1,390,332
Pass-Through State Department Of Roads:				
Highway Planning and Construction Cluster:	20.205	HPR-PL1(40)	126 726	
Highway Planning and Construction (Planning) Highway Planning and Construction (Bison Trail)	20.205 20.205	STPB-55(130)	136,736 90,151	
Highway Planning and Construction (O Street - 52nd to Wedgewood)	20.205	EACNH-34-6(124)	4,379,146	
Highway Planning and Construction (Antelope Valley)	20.205	STPAA -BR-TMT-5244(3)		
Highway Planning and Construction (Baseball Pedstrian Overpass)	20.205	RABA-55(138)	95,389	
Highway Planning and Construction (33rd Street & Sheridan) Highway Planning and Construction (84th Street - Kathy Lane to Old Cheney)	20.205 20.205	STPP-5214(2) STPAA-5249(5)	40,000 30,095	
Highway Planning and Construction (84th Street - Kanry Lane to Old Cheney) Highway Planning and Construction (84th Street - Cheney Ridge to Hwy 2)	20.205	STPAA-5249(6)	74,986	
Highway Planning and Construction (South & East Beltway Study)	20.205	DPU-3300(1)	26,792	
Highway Planning and Construction (Sun Valley Blvd & Charleston Bridge)	20.205	BR-5242(2)	1,636	
Highway Planning and Construction (Old Cheney - Hwy 2 to 70th Street)	20.205	STPAA-5202(7)	1,099,322	8,533,688
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit) Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509 20.509	RPT-C551(203) RPT-C551(204)	14,465 3,572	18,037
	20.309	RP1-C331(204)	3,372	18,037
Pass-Through State Department of Highway & Safety: Highway Safety Cluster:				
Injury Prevention and Control Research and State and Community Based Programs (CODES)	20.600	411-3-6	4,574	
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	410-96-109	41,385	45,959
Total U.S. Department Of Transportation			\$_	9,994,216
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs: Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	0/5010/0157	\$_	43,798
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
State Library Program (Net Lender Contract)	45.310		\$	1,877
			· -	
(Continued) See Accompanying Notes to Schedule of Expenditures of Federal Awards				

137

Pass Through State Library System Resource Sharing State Pass	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Fede Expend	
Direct Program Vulnerability Assessments and Related Security Improvements at Large Drinking Water Utilities Company State Department of Environmental Quality: Assessments and Related Security Improvements at Large Drinking Water Utilities Company State Company St	U.S. ENVIRONMENTAL PROTECTION AGENCY				
Volume/bility Accessments and Related Security Improvements at Large Drinking Water Utilities Rep. 1987-25061 \$ \$ \$ \$ \$ \$ \$ \$ \$					
Air Pollution Control Program Support 60.001 M.007058002 15.019 11.29.19 Napopini Scarca: Implementation Grants (Side Water Transcrives, South) 66.400 00070413-00.0 15 15 15.000 11.00		66.476	EPA 98723601	\$	114,999
Air Pollution Control Program Support 60.001 M.007058002 15.019 11.29.19 Napopini Scarca: Implementation Grants (Side Water Transcrives, South) 66.400 00070413-00.0 15 15 15.000 11.00	Pass-Through State Department Of Environmental Quality:				
Air Pollution Cunturb Programs Singhort 66.04 66.046 C0007430.00 11.2919		66.001	M-007056(02)	15,919	
Nonpoint Source Implementation Grants (Safe Water Tomorrow-South)				97,000	112,919
Nonpoint Source Implementation Grants (Safe Water Tomorrow-South)	Nonnaint Sauraa Implamentation Create (Safa Water Tomorrow, South)	66 160	C0007402 00 0	15	
Nonpoint Source Implementation Grants (Inloines Lake Watershed & Sediment/Channel Stab)					
Survey, Sudies, Investigations and Special Purpose Grants (103 PM Monitoring)			C9007403-00-0		6,016
Survey, Sudies, Investigations and Special Purpose Grants (103 PM Monitoring)			X 00705701 0	44.101	
Total U.S. Environmental Protection Agency 17,286 70,233 70				,	
Total U.S. Environmental Protection Agency S 304,167 U.S. DEPARTMENT OF EDUCATION Pass-Through State Library Commission: Urban Library System Recourse Staring U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Programs Direct Programs Service Block Grant Discretionary Awards-Community Food & Nutrition Program Pass-Through State Department Of Health and Human Services: Special Programs for the Aging Tide III, Part D. Disease Prevention of Elder Abuse, Neglect, and Exploit Special Programs for the Aging Tide III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Tide III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Tide III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Tide III, Part D. Disease Prevention on Program Project Grants and Cooperative Agreements for Tuberculosis Control Programs Special Programs for the Aging Tide III, Part D. Disease Prevention on Program Project Grants and Cooperative Agreements for Tuberculosis Control Programs Project Grants and Cooperative Agreements for Tuberculosis Control Programs Project Grants and Cooperative Agreements for Tuberculosis Control Programs Acquired Immunodeficiency Syndrome (Adis) Activity (STD) Primary Care Services Resources Coordination and Development (Peoples Health Center) Primary Care Services Resources Coordination and Development (Peoples Health Center) Primary Care Services Resources Coordination Action Plan) Dimmunization Grants (Hepatitis B) Dimmuniza			* *		70 233
U.S. DEPARTMENT OF EDUCATION Pass-Through State Library Commission: Urban Library System Resource Sharing U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Programs: Community Service Block Grant Discretionary Awards-Community Food & Nutrition Program Community Service Block Grant Discretionary Awards-Community Food & Nutrition Program Community Service Block Grant Discretionary Awards-Community Food & Nutrition Program Community Service Block Grant Discretionary Awards-Community Food & Nutrition Program Community Service Block Grant Discretionary Awards-Community Food & Nutrition Program Special Programs for the Aging Title UII, Capter 3: Programs for Prevention of Elder Abuse, Neglect, and Exploit: Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention and Health Promotion Services Special Programs for the Aging Title III, Part D. Disease Prevention Services Special Programs for the Aging Title III, Part D. Disease Prevention Services Special Programs for the Aging Title III, Part D. Disease Control on Services Special Programs for the Aging Title III, Part D. Disease Control on Services Special Programs for Services Resource Coordination and Development (Peoples Health Center) 15,000 Childhood Lead Poisoning Prevention Projects (CDC 03) Childhood Lead Poisoning Prevention Projects (CDC 03) Childhood Lead Pois	Surveys, statues, investigations and spectral rules of this (1887). In this interference of the second state of the second sta	00.000	1112571527 01(05)		70,233
Pass Through State Library System Resource Sharing State Pass	Total U.S. Environmental Protection Agency			\$ <u></u>	304,167
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Programs: Community Service Block Grant Discretionary Awards-Community Food & Nutrition Program 93.571 90EN0436 \$ 7,220 Pass-Through State Department Of Health and Human Services: Special Programs for the Aging Title VII, Chapter 3: Programs for Prevention and Health Promotion Services 93.043 NGA 2003-049 5,500 Special Programs for the Aging Title VII, Part D: Disease Prevention and Health Promotion Services 93.043 NGA 2003-049 17,775 266 18,023 Project Grants and Cooperative Agreements for Tuberculosis Control Programs 93.116 2002 15,770	U.S. DEPARTMENT OF EDUCATION				
DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Programs 25. Direct Pro	Pass-Through State Library Commission:				
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Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs 93.919 2004 22,308 211,616 HIV Prevention Activities Health Dept Based (HIV Prevention Program) 93.940 2002 5,430 HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) 93.940 U62/CCU702039-15-1 18,771 HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) 93.940 U62/CCU702039-15-1 18,771 HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) 93.940 U62/CCU702039 34,661 HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) 93.940 U62/CCU702039 34,661 HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) 93.940 U62/CCU702039 6,246 65,700 Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E065261 3,500 Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E066865 2,695	Centers for Disease Control and Prevention: Investigations and Tech Assistance (Worksite Asthma Program)	93.283	2001-2003	15,560	182,348
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs 93.919 2004 22,308 211,616 HIV Prevention Activities Health Dept Based (HIV Prevention Program) 93.940 2002 5,430 HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) 93.940 U62/CCU702039-15-1 18,771 HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) 93.940 U62/CCU702039-15-1 18,771 HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) 93.940 U62/CCU702039 34,661 HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) 93.940 U62/CCU702039 34,661 HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) 93.940 U62/CCU702039 6,246 65,700 Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E065261 3,500 Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E066865 2,695	Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2003	189.308	
HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS					211,616
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HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS) 93.940 U62/CCU702039 6,246 65,700 Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E065261 3,500 Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E066865 2,695					
Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 E065261 3,500 2,695					65 700
Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps) 93.945 EO66865 2,695	Culting Tourist Dept David (II. Training & Quanty Tusulance Crist City)	75.740	2.52.000.02007	0,240	33,700
Assistance Programs for Chronic Disease Prevention and Control (CDC Walk to School) 93.945 U62/CCU702039-15-1 1.500 7.695					
1,500	Assistance Programs for Chronic Disease Prevention and Control (CDC Walk to School)	93.945	U62/CCU7/02039-15-1	1,500	7,695

(Continued)
See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Feder Expendi	
Preventive Health and Health Services Block Grant (Diabetes)	93.991	2002	2,125	
Preventive Health and Health Services Block Grant (Diabetes)	93.991	2002	2,125	
	93.991	2003-PHHS-10-LHD-C	8,579	
Preventive Health and Health Services Block Grant (Injury Prevention & Control)				
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2003-PHHS-08-LHD-C	22,024	52 102
Preventive Health and Health Services Block Grant (Epidemiology 2001)	93.991	2003-PHHS-09-LHD-C	18,339	53,192
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-02-35	6,937	
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-03-50A	29,867	36,804
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2003-146	352,227	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2004-039	14,251	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2003-115	377,820	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2004-040	16,294	
	93.045			
Special Programs for the Aging Title III, Part C: Nutrition Services		NGA 2003-116	109,243	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2004-041	5,267	875,102
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2003-118	114,883	
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2004-043	13,294	128,177
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	2001		11,680
Social Services Block Grant (SSBG)	93.667			19,932
Pass-Through State Department Of Labor:				
Temporary Assistance for Needy Families (Welfare to Work)	93.558	Y-7052-9-00-81-50	_	284,515
Fotal U.S. Department Of Health And Human Services			\$_	2,095,858
DRPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Retired and Senior Volunteer Program	94.002	02SRNNE 070	\$ 1,187	
Retired and Senior Volunteer Program	94.002	02SRNNE 070	76,851	78,038
Foster Grandparent / Senior Companion Cluster:				
Foster Grandparent Program	94.011	02SFNNE 068 (02/03)	97,285	
Foster Grandparent Program	94.011	02SFNNE 068 (03/04)	44,688	
Senior Companion Program	94.016	01SCNNE 011 (02/03)	120,243	
				276 517
Senior Companion Program	94.016	01SCNNE 011 (03/04)	14,301	276,517
Pass-Through Nebraska Volunteer Commission:				
AmeriCorps (Urban Revitalization Project)	94.006	ASFNE0281201(01)	533	
AmeriCorps (Urban Revitalization Project)	94.006	ASFNE0281201(02)	108,878	109,411
Total Corporation For National And Community Service			\$ <u></u>	463,966
PARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	EMW-97-CA-0402	\$ 129,485	
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2003-CA-0046	560,397	689,882
Pass-Through Nebraska Emergency Management :				
Hazard Mitigation Grant	97.039	HS 82993501-01	_	178,100
Total Department of Homeland Security			\$	867,982
roun Department of Fromendia Security			.	007,702
Total Federal Expenditures			\$	23,061,672
- The state of the			· · · · · · · · · · · · · · · · · · ·	

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF LINCOLN, NEBRASKA NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AUGUST 31, 2003

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

(2) <u>REPORTING ENTITY</u>

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2003, basic financial statements for LES are audited figures as of and for the year ended December 31, 2002.

(3) PASS-THROUGH AWARDS

The City of Lincoln receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule.

(4) MAJOR PROGRAMS

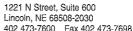
In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

(5) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances:

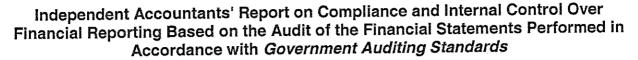
CFDA#	Program	Outstanding Balance as of August 31, 2003
14.218	Community Development Block Grant	\$ 10,637,345
14.239	HOME Investment Partnership Program	9,680,718
14.246	Community Development Block Grant	636,460

New loans included in the Schedule totaled \$991,116, \$1,368,348 and \$51,166, respectively.



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bkd.com



The Honorable Mayor and Members of City Council City of Lincoln, Nebraska

We have audited the financial statements of the City of Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2003, and have issued our report thereon dated January 5, 2004, which contained a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

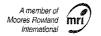
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving the internal control over financial reporting and its operation that we have reported to the City's management in a separate letter dated January 5, 2004.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Solutions for Success









The Honorable Mayor and Members of City Council City of Lincoln, Nebraska

Compliance

We have audited the compliance of the City of Lincoln, Nebraska (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended August 31, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Lincoln, Nebraska based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2003.

Solutions for Success

Internal Control Over Compliance

The management of the City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over compliance and its operation that we have reported to the City's management in a separate letter dated January 5, 2004.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

January 5, 2004

City of Lincoln, Nebraska

Schedule of Findings and Questioned Costs Year Ended August 31, 2003

Summary of Auditor's Results

1.	The opinions expressed in the independent accountants' report we	ere:	
	☐ Unqualified ☐ Qualified ☐ Adverse ☐ I	Disclaimed	
2.	The independent accountants' report on internal control over final	ncial reporting	described:
	Reportable conditions noted considered a material weakness?	☐ Yes	⊠ No
	Reportable conditions noted that are not considered to be a material weakness?	☐ Yes	⊠ No
3.	Noncompliance considered material to the financial statements was disclosed by the audit?	☐ Yes	⊠ No
4.	The independent accountants' report on internal control over comapplicable to major federal awards programs described:	pliance with r	equirements
	Reportable conditions noted considered material weakness?	☐ Yes	⊠ No
	Reportable conditions noted that are not considered to be a material weakness?	☐ Yes	⊠ No
5.	The opinion expressed in the independent accountants' report on applicable to major federal awards was:	compliance w	ith requirements
	☐ Unqualified ☐ Qualified ☐ Adverse ☐ I	Disclaimed	
6.	The audit disclosed findings required to be reported by OMB Circular A-133?	☐ Yes	⊠ No
7.	The Organization's major programs were:		
	Cluster/Program		CFDA Number
	CDBG – Entitlement and Small Cities Cluster HOME Investment Partnerships Program CDBG – Economic Development Initiative Federal Transit Cluster		14.218 14.239 14.246 20.507
8.	The threshold used to distinguish between Type A and Type B pro OMB Circular A-133 was \$1,248,167.	ograms as tho	se terms are defined in
9.	The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133?	☐ Yes	⊠ No

City of Lincoln, Nebraska

Schedule of Findings and Questioned Costs (Continued) Year Ended August 31, 2003

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding	Questioned Costs
No findings required to be repo	orted by Government Auditing Standards	
Findings Required to b	e Reported by OMB Circular A-133	

Finding

Questioned

Costs

No findings required to be reported by OMB Circular A-133

Reference

Number

CITY OF LINCOLN, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2003

Finding #02-01

Program: CFDA #20.507 – Federal Transit Cluster - Reporting

Federal Grantor Agency: U.S. Department of Transportation

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Criteria: The Code of Federal Regulations requires quarterly submission of the SF-269A, *Financial Status Report*. Recipients have the responsibility to ensure compliance with federal requirements through the use of sound internal controls.

Condition: Review procedures performed prior to the submission of the March 31, 2002 report did not discover reporting errors.

Corrective Action: The StarTran Accountant has prepared written procedures for collecting grant data and properly submitting this data to the FTA for the quarterly reporting requirement. These procedures are available to the StarTran Planner and Account Clerk, who review the quarterly reports to ensure accuracy. If the Accountant is not available, these StarTran staff members will prepare the reports by referring to the written procedures.

Finding #02-02

Program: CFDA #20.507 – Federal Transit Cluster – Davis-Bacon Act

Federal Grantor Agency: U.S. Department of Transportation

Criteria: Non-federal entities shall include in their construction contracts subject to Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1215-0149).

Condition: The City did not require contractors to submit certified payrolls.

Corrective Action: For federally funded construction projects, StarTran will include a requirement for the Project Manager to collect certified payroll documentation from the contractors/subcontractors. The Maintenance Supervisor and Accountant will review this payroll information to ensure compliance with the Davis-Bacon Act.